

Joint Standing Committee on Banking and Insurance

LD 10

An Act to Require Credit Card Issuers to Provide Greater Notice of Changes in Terms

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	ONTP MAJ OTP-AM MIN	

LD 10 proposed to increase the notice requirement for changes in terms of credit card accounts to 90 days before the effective date of the changes. Under current law, credit card issuers are required to provide notice at least 30 days before the effective date of changes in terms. The bill also proposed to repeal the provision allowing a credit card issuer to avoid providing notice of a change if the change involves no significant cost to the consumer.

Committee Amendment "A" (H-27) was the minority report of the committee. The amendment proposed to change the notice requirement for changes in terms of credit card accounts to 45 days before the effective date of the change. The amendment also added a fiscal note to the bill. Committee Amendment "A" was not adopted.

LD 18

An Act to Allow a Person to Obtain Personal Insurance Instead of Per Vehicle Insurance

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PERKINS	ONTP	

LD 18 was a concept draft pursuant to Joint Rule 208. The bill proposed to allow a motor vehicle owner to obtain personal automobile liability insurance that insures the person instead of the vehicle. The effect of this bill would be to eliminate the requirement that an owner of more than one vehicle obtain liability insurance for each vehicle; instead the person could obtain a personal liability umbrella policy that would cover the person for whatever motor vehicle the person drove.

LD 43

An Act to Create a Mandatory Automobile Insurance Premium Discount for Safe, Mature Drivers

PUBLIC 130

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO MCALEVEY	ONTP MAJ OTP-AM MIN	H-19

LD 43 proposed to require insurance companies to provide a driver 55 years of age or older a 10% discount on premium charges if the insured completes an approved accident prevention course.

Committee Amendment "A" (H-19) was the minority report of the committee. The amendment proposed to require insurance companies to provide a driver 55 years of age or older an appropriate discount on premium charges if the insured successfully completes an accident prevention course approved by the Department of Public

Joint Standing Committee on Banking and Insurance

Safety, Bureau of Highway Safety. The amendment clarified that in order to maintain eligibility for the discount the insurer may require that the insured or a member of the insured's household insured under the policy not be involved in an at-fault accident, not commit a moving violation and not be subject to a driver's license suspension for a 3-year period after the course is completed. The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 130 requires insurance companies to provide a driver 55 years of age or older an appropriate discount on premium charges if the insured successfully completes an accident prevention course approved by the Department of Public Safety, Bureau of Highway Safety. The law also allows an insurer to require that the insured or a member of the insured's household insured under the policy not be involved in an at-fault accident, not commit a moving violation and not be subject to a driver's license suspension for a 3-year period after the course is completed in order to maintain eligibility for the discount.

LD 49

An Act Regarding Civil Actions Involving Insurance Coverage

PUBLIC 126

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVAGE W	OTP-AM MAJ	H-18
DOUGLASS	ONTP MIN	

LD 49 proposed to require an insurer to pay costs and attorney's fees if the insured prevails in a declaratory judgment action to determine an insurer's contractual duty to defend the insured. Under the bill, an insured is defined as a natural person, which excludes corporations, trusts, partnerships, incorporated or unincorporated associations and other legal entities from the definition. LD 49 does not create or extend any right or cause of action to 3rd-party claimants under an insurance policy and insureds are not permitted to assign any rights under a policy to any other person. The bill does not apply to life, health, disability and workers' compensation insurance.

Committee Amendment "A" (H-18) was the majority report of the committee. The amendment proposed to add accidental injury, specified disease, hospital indemnity, Medicare supplement, long-term care or other limited benefit health insurance to the types of insurance that are exempt from the provisions of the bill.

Enacted law summary

Public Law 2001, chapter 126 requires an insurer to pay costs and attorney's fees if the insured prevails in a declaratory judgment action to determine an insurer's contractual duty to defend the insured. It defines an insured as a natural person and excludes corporations, trusts, partnerships, incorporated or unincorporated associations and other legal entities from the definition of an insured. No right or cause of action is created or extended to 3rd-party claimants under an insurance policy and insureds are not permitted to assign any rights under a policy to any other person. Public Law 2001, chapter 126 does not apply to life, health, workers' compensation, accidental injury, specified disease, hospital indemnity, disability income, Medicare supplement, long-term care or other limited benefit health insurance.

Joint Standing Committee on Banking and Insurance

LD 66

**An Act to Prohibit Cancellation of an Automobile Insurance Policy
after an Accident Involving a Deer or Moose**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TESSIER MILLS	ONTP	

Under the Maine Automobile Insurance Cancellation Control Act, certain occurrences involving a motor vehicle are not considered an accident for purposes of determining whether an insurer may cancel an insured's automobile insurance policy because the insured has been involved in motor vehicle accidents. LD 66 proposed to establish that an accident involving a single car colliding with a deer or moose is not considered an accident for purposes of the Maine Automobile Insurance Cancellation Control Act.

LD 80

**An Act to Allow Certified Insurance Counselors to Qualify as Risk
Managers**

PUBLIC 3

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP	

LD 80 proposed to add a certified insurance counselor to the list of designations that qualify as a risk manager used or employed by a large commercial contract.

Enacted law summary

Public Law 2001, chapter 3 adds a certified insurance counselor to the list of designations that qualify as a risk manager used or employed by a large commercial contract.

LD 81

**An Act to Further Encourage the Creation of Private Purchasing
Alliances**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO GOLDTHWAIT	ONTP	

LD 81 proposed to allow a given benefit plan offered through a private purchasing alliance to have a benefit differential that exceeds 20% if the Superintendent of Insurance waives the requirement. The bill also would have allowed the superintendent to waive compliance with a rule prohibiting carriers from applying a benefit differential to enrollees who must travel unreasonable distances for health care services. The provision allowing a health plan to have a benefit differential exceeding 20% if the Superintendent waives the requirement was incorporated into Public Law 2001, chapter 369. See summary for LD 204.

Joint Standing Committee on Banking and Insurance

LD 91

An Act Regarding Notice to the Secretary of State When a Motor Vehicle Insurance Policy is Cancelled

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROOKS	ONTP	

LD 91 proposed to amend the motor vehicle laws regarding auto insurance to require that, in addition to the existing requirement of a 10-day notice before cancellation of a policy, insurance companies provide the Secretary of State with a 10-day notice before termination of a policy occurs by expiration. In either case the Secretary of State must demand proof of financial responsibility under the Maine Revised Statutes, Title 29-A, section 1602, and the demand must include notice of the penalties for failure to provide proof. Under the terms of section 1602, subsection 2, failure to comply with the demand within 30 days will result in the suspension of the person's license, of the registration of the vehicle for which proof of insurance was not provided and of the right to apply for a license or registration. LD 91 also would have imposed a civil forfeiture of \$1000 on an insurance company that failed to provide the required notice.

LD 100

Resolve, to Study the Expansion of Private Prescription Drug Insurance for Maine's Elderly

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN ABROMSON	ONTP	

LD 100 proposed to require the Bureau of Insurance to study Medicare supplement insurance contract benefits and develop recommendations to expand coverage for prescription drugs under those contracts through new and innovative benefits.

LD 101

An Act to Allow for Mandate-free Catastrophic Care Health Insurance Policies

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	ONTP MAJ OTP MIN	

LD 101 proposed to allow health insurers, nonprofit hospital and medical service organizations and health maintenance organizations to offer a catastrophic health plan that does not include any mandated benefits to individuals and small groups.

Joint Standing Committee on Banking and Insurance

LD 126

An Act to Clarify Certain Provisions of the Laws Governing Health Maintenance Organizations and Health Plans

**DIED IN
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN	ONTP MAJ	
O'NEIL	OTP-AM MIN	

LD 126 proposed to clarify that the access standards requirements under the laws governing health maintenance organizations and health plans do not prohibit insurance products that give financial incentives to members who elect to use certain designated providers in a network.

Committee Amendment "A" (S-129) was the minority report of the committee. The amendment proposed to clarify that the access standards under chapter 56 and chapter 56-A of the Maine Insurance Code do not prohibit managed care plans that give financial incentives to members who elect to use certain designated providers in a network as long as the incentives meet certain standards. Committee Amendment "A" was not adopted in the House and indefinitely postponed in the Senate.

LD 142

An Act to Ensure that Persons Issuing Bad Checks are Solely Responsible for Overdraft Charges

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SNOWE-MELLO TURNER	ONTP	

LD 142 proposed to prohibit financial institutions from assessing a fee against a depositor if a check is returned for insufficient funds.

LD 153

An Act to Reduce Finance Charges on Consumer Loans

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SMITH	ONTP MAJ OTP MIN	

LD 153 proposed to reduce the amount that may be charged by a lender as a finance charge for a consumer loan.

Joint Standing Committee on Banking and Insurance

LD 154

An Act to Amend the Law Governing Unfair Claims Settlement Practices

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SMITH	ONTP MAJ OTP MIN	

LD 154 proposed to amend the law governing unfair claims settlement practices in 2 ways. First, the bill removed the requirement that civil actions may be brought only against one's own insurer in order to allow suit against any insurer. Second, the bill removed the provision that exempted workers' compensation claims.

LD 158

An Act to Provide Insurance Plan Coverage for Small Employers

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUNLAP CATHCART	ONTP	

LD 158 proposed to make employees of small employers with 50 or fewer employees eligible for group health plan coverage under the group plan offered to state employees. The bill would have required that the premium for coverage under the plan must be paid by the small employer, by a combination of employer and employee contribution or by the employee.

LD 163

An Act to Extend Workers' Compensation Twenty-four-hour Pilot Projects

PUBLIC 48

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO LAFOUNTAIN	OTP-AM MAJ ONTP MIN	H-41

LD 163 proposed to continue authorization for workers' compensation health benefits pilot projects for 4 additional years. The bill applied retroactively to January 1, 2001, the date on which the statute authorizing the pilot projects was repealed.

Committee Amendment "A" (H-41) was the majority report of the committee. It proposed to remove the emergency preamble and emergency clause and add a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 48 continues authorization for workers' compensation health benefits pilot projects for 4 additional years until January 1, 2005. The law applies retroactively to January 1, 2001.

Joint Standing Committee on Banking and Insurance

LD 175

An Act to Require a Separate Long-term Care Insurance License

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KANE PENDLETON	ONTP	

LD 175 proposed to require insurance producers licensed to sell life and health insurance to obtain a separate license authority and meet separate education and examination requirements for the sale of long-term care insurance. It would have applied to all new license applications and all license renewals made on or after October 1, 2001.

LD 203

An Act to Establish Medical Savings Accounts

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WATERHOUSE BENNETT	ONTP	

LD 203 was re-referred from the Joint Standing Committee on Taxation.

LD 203 proposed to allow residents of the State to establish medical savings accounts for payment of eligible medical expenses, including the payment of health insurance premiums and deductibles. Contributions to, interest earned on and qualified withdrawals from medical savings accounts would be exempt from Maine state income tax.

See related bill LD 1554.

LD 204

An Act to Encourage the Creation of an Alliance for the Purpose of Purchasing Health Insurance

PUBLIC 369

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MARRACHE KILKELLY	OTP-AM	H-587

LD 204 proposed to establish a purchasing alliance to allow small employers and uninsured individuals access to health insurance on an aggregate group basis.

Committee Amendment "A" (H-587) replaced the bill. The amendment proposed to eliminate the requirement that a voluntary private purchasing alliance offer at least 3 different carriers through the alliance. The amendment also would allow a given benefit plan that offers services through a preferred provider arrangement to have a benefit differential that exceeds 20% if the Superintendent of Insurance waives the requirement.

House Amendment "A" to Committee Amendment "A" (H-612) proposed to add a notice and hearing requirement to the provision allowing the Superintendent of Insurance to waive the benefit level differential between

Joint Standing Committee on Banking and Insurance

services rendered by preferred providers and nonpreferred providers. House Amendment "A" to Committee Amendment "A" was not adopted.

Enacted law summary

Public Law 2001, chapter 369 eliminates the requirement that a voluntary private purchasing alliance offer at least 3 different carriers through the alliance. The law also allows a given benefit plan that offers services through a preferred provider arrangement to have a benefit differential that exceeds 20% for services rendered by preferred and nonpreferred providers if the superintendent waives the requirement.

LD 208

An Act to Amend the Uninsured Motor Vehicle Coverage Requirements

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON MAYO	ONTP	

LD 208 proposed to allow employers who have secured workers' compensation coverage for their employees to exclude coverage for uninsured motor vehicle coverage claims by their employees or to reduce the amounts paid to their employees for uninsured motor vehicle coverage claims by the amount of workers' compensation benefits paid to the employee. If an employer did not have workers' compensation coverage at the time of the accident giving rise to a claim, the bill would have required that the motor vehicle insurance policy provide coverage in amounts equal to the minimum limits for liability prescribed in the Maine Revised Statutes, Title 29-A, section 1605.

LD 213

An Act to Clarify Mixed Automobile Insurance

PUBLIC 109

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON MAYO	OTP-AM	S-41

LD 213 proposed to clarify the definition of a personal automobile insurance policy. It set a threshold for determining whether a motor vehicle qualifies as a private passenger vehicle or a vehicle used primarily in the operation of a business or profession.

Committee Amendment "A" (S-41) replaced the bill. It proposed to clarify that uninsured motor vehicle coverage on commercial automobile insurance policies is not subject to the requirement for private passenger automobile insurance that uninsured coverage equal the limits for liability insurance on the policy unless the insured expressly rejects equal or higher limits of coverage. The amendment also proposed to require that commercial policies maintain uninsured motor vehicle coverage in an amount not less than the minimum limits for bodily injury liability pursuant to the Maine Revised Statutes, Title 29-A, section 1605, subsection 1.

Joint Standing Committee on Banking and Insurance

Enacted law summary

Public Law 2001, chapter 109 clarifies that uninsured motor vehicle coverage on commercial automobile insurance policies is not subject to the requirement for private passenger automobile insurance that uninsured coverage equal the limits for liability insurance on the policy unless the insured expressly rejects equal or higher limits of coverage. The law requires that commercial policies maintain uninsured motor vehicle coverage in an amount not less than the minimum limits for bodily injury liability pursuant to the Maine Revised Statutes, Title 29-A, section 1605, subsection 1.

LD 217

An Act to Clarify Insurance Coverage for Victims of Domestic Violence

PUBLIC 16

Sponsor(s)
LONGLEY
O'NEIL

Committee Report
OTP-AM

Amendments Adopted
S-5

LD 217 proposed to remove the provision that allows insurers to apply an underwriting rating criterion to a victim of domestic abuse based on a physical or mental history or other factors of general applicability regardless of the underlying cause.

Committee Amendment "A" (S-5) replaced the bill. It proposed to clarify that an insurer, nonprofit hospital and medical service organization or health maintenance organization may not deny, cancel, refuse to renew or restrict coverage of any person or require additional charges based on the fact or perception that the applicant or insured is, or may become, a victim of domestic abuse.

The amendment also proposed to require that if an insurer, nonprofit hospital and medical service organization or health maintenance organization makes an adverse insurance decision on the basis of a medical condition that the insurer, nonprofit hospital and medical service organization or health maintenance organization knows or has reason to know is related to domestic abuse, the insurer, nonprofit hospital and medical service organization or health maintenance organization shall justify its decision to the applicant or insured in writing.

Enacted law summary

Public Law 2001, chapter 16 clarifies that an insurer, nonprofit hospital and medical service organization or health maintenance organization may not deny, cancel, refuse to renew or restrict coverage of any person or require additional charges based on the fact or perception that the applicant or insured is, or may become, a victim of domestic abuse.

Public Law 2001, chapter 16 also requires that if an insurer, nonprofit hospital and medical service organization or health maintenance organization makes an adverse insurance decision on the basis of a medical condition that the insurer, nonprofit hospital and medical service organization or health maintenance organization knows or has reason to know is related to domestic abuse, the insurer, nonprofit hospital and medical service organization or health maintenance organization shall justify its decision to the applicant or insured in writing.

Joint Standing Committee on Banking and Insurance

LD 226

An Act to Fund Community Health Access Programs

**DIED ON
ADJOURNMENT**

Sponsor(s)

Committee Report

Amendments Adopted

LD 226 was a study bill reported by the Joint Select Committee to study the creation of a Public/Private Purchasing Alliance. The bill proposed to establish the Affordable Health Care Fund to provide subsidies for individuals enrolled in community health access programs. The bill would have appropriated \$1.5 million to the Affordable Health Care Fund.

LD 226 was rereferred to the Joint Standing Committee on Appropriations and Financial Affairs. Committee Amendment “A” (H-698) of the Appropriations Committee proposed to lower the appropriation from \$1.5 million to \$100,000 and add a fiscal note to the bill.

LD 226 was enacted in the House and placed on the Special Appropriations Table in the Senate. The bill died on adjournment.

LD 235

An Act to Lower the Cost of Health Coverage

ONTP

Sponsor(s)

NUTTING J
MARRACHE

Committee Report

ONTP

Amendments Adopted

LD 235 proposed to establish a health coverage purchasing pool to make health coverage available through the power of a group purchase to residents who are unable to obtain or to afford coverage. The bill would have required the Commissioner of Administrative and Financial Services to select the health coverage plan to be offered through the purchasing pool and authorized the Department of Administrative and Financial Services to provide any necessary administrative services. LD 235 also proposed to exempt the purchasing pool from the prohibition on forming a group for the sole purpose of purchasing insurance provided in the Maine Revised Statutes, Title 24-A, section 2808.

LD 251

**An Act to Define "Medically Necessary Health Care" and Clarify
its Application by Health Plans and Managed Care Plans**

PUBLIC 288

Sponsor(s)

RICHARDSON
ABROMSON

Committee Report

OTP-AM MAJ
ONTP MIN

Amendments Adopted

H-328

Joint Standing Committee on Banking and Insurance

LD 251 proposed to clarify the application of the definitions of "medical necessity" and "medically appropriate health care" to the medical review or utilization review practices of managed health care plans in the State.

Committee Amendment "A" (H-328) was the majority report of the committee and replaced the bill. The amendment proposed to repeal the definitions of "medical necessity" and "medically appropriate health care" and replace them with a definition of "medically necessary health care." The amendment clarified that "medically necessary health care" is the standard used to govern review of medical issues in utilization review at all stages of review, including internal and external appeals and civil action.

Enacted law summary

Public Law 2001, chapter 288 repeals the definitions of "medical necessity" and "medically appropriate health care" and replaces them with a definition of "medically necessary health care." The law clarifies that the term "medically necessary health care" is the standard used to govern review of medical issues in utilization review at all stages of review, including internal and external appeals and civil action.

LD 256 An Act to Limit the Interest Rate Charged on Debt to 29 Percent ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GOODWIN	ONTP	

LD 256 proposed to limit the interest that may be charged on consumer credit transactions to 29%.

LD 275 An Act to Create Purchasing Alliances of Small Businesses In Order to Purchase Health Insurance ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BULL RAND	ONTP	

LD 275 proposed to allow small employers with 100 or fewer employees to form an association for the purpose of obtaining health insurance on an aggregate group basis.

LD 318 An Act to Clarify the Law Concerning Representations Made in Insurance Contracts ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN MAYO	ONTP	

Joint Standing Committee on Banking and Insurance

LD 318 proposed to add property and casualty insurance to the list of types of insurance subject to the current Maine law concerning misrepresentations made on insurance applications. Under current law, misrepresentations made on insurance applications that are fraudulent or material to the acceptance of the risk by the insurer or to the hazard assumed by the insurer may prevent a recovery under life, credit life, disability, long-term care, accidental injury, specified disease, hospital indemnity or credit or accident insurance.

LD 323

An Act Concerning Patient Access to Eye Care Providers

PUBLIC 408

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN	OTP-AM MAJ	S-269
MAYO	ONTP MIN	

LD 323 proposed to require health plans and managed care plans that provide coverage for eye care services to provide direct access to eye care providers. The bill also proposed to prohibit plans from imposing a deductible or coinsurance for eye care services that is greater than a deductible or coinsurance for other medical services.

Committee Amendment "A" (S-269) was the majority report of the committee and replaced the bill. The amendment proposed to require health insurance carriers that provide coverage for eye care services to allow enrollees to self-refer for a maximum of 2 visits for each occurrence requiring eye care services from an eye care provider participating in the carrier's health plans. Eye care services are defined as those urgent health care services related to the examination, diagnosis, treatment and management of conditions, illnesses and diseases of the eye that if not treated within 24 hours present a serious risk of harm.

The amendment would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2002. The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 408 requires health insurance carriers that provide coverage for eye care services to allow enrollees to self-refer for a maximum of 2 visits for each occurrence requiring eye care services from an eye care provider participating in the carrier's health plans. Eye care services are defined as those urgent health care services related to the examination, diagnosis, treatment and management of conditions, illnesses and diseases of the eye that if not treated within 24 hours present a serious risk of harm.

Public Law 2001, chapter 408 applies to all policies, contracts and certificates issued or renewed on or after January 1, 2002.

Joint Standing Committee on Banking and Insurance

LD 353

An Act to Permit Foster Parents to Purchase Group Health Insurance

**DIED ON
ADJOURNMENT**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BOUCHER	OTP MAJ	H-644 O'NEIL
GAGNON	ONTP MIN	S-264 LAFOUNTAIN

LD 353 proposed to make foster parents belonging to a statewide organization specifically eligible for health insurance coverage on a group basis.

Senate Amendment "A" (S-264) proposed to make licensed foster parents currently caring for children whose care is reimbursed by the Department of Human Services eligible for coverage under the group health plan for State employees. The amendment required the foster parent to pay the full premium for coverage. The amendment also would clarify that a foster parent is eligible for coverage only during the periods in which the foster parent is caring for a child in that foster parent's home.

House Amendment "A" to Senate Amendment "A" (H-644) corrected the fiscal note for Senate Amendment "A."

LD 353 was placed on the Special Appropriations Table and died on adjournment. However, the substantive provisions of Senate Amendment "A", which would allow licensed foster parents to buy coverage under the group health plan for State employees, were enacted in the Part II budget, Public Law 2001, chapter 439, Part XX.

LD 354

An Act to Enhance the Integrity of Processing Insurance Claims Relating to Motor Vehicle Glass

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CHIZMAR	ONTP	
DOUGLASS		

LD 354 proposed to allow insurers to use independent 3rd-party claims administrators or agents for auto glass claims, but prohibit the use of a 3rd-party administrator or agent affiliated with the glass industry.

LD 354 was not enacted, but the committee requested a study of the issues raised by the bill in Joint Study Order HP 1293. See summary of Joint Study Order HP 1293.

Joint Standing Committee on Banking and Insurance

LD 375

An Act to Ensure Parity in the Sale of Securities by Maine Financial Institutions

**PUBLIC 61
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO LAFOUNTAIN	OTP-AM	H-43

LD 375 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 375 proposed to amend state law governing broker-dealer registration of providers of financial services to ensure conformity between state securities laws and the related provisions of the Gramm-Leach-Bliley Act, which was adopted by Congress in 1999. The bill would establish parity between financial institutions in Maine and financial institutions in other states with respect to the need to register as a broker-dealer in the sale of securities.

Committee Amendment "A" (H-43) proposed to clarify that financial institutions must be licensed as a broker-dealer in connection with private securities offerings or "de minimis" transactions. The amendment also added an emergency preamble, emergency clause and a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 61 amends state law governing broker-dealer registration of providers of financial services to ensure conformity between state securities laws and the related provisions of the Gramm-Leach-Bliley Act, which was adopted by Congress in 1999. The law establishes parity between financial institutions in Maine and financial institutions in other states with respect to the need to register as a broker-dealer in the sale of securities, except that financial institutions in Maine are required to continue to be licensed as a broker-dealer in connection with private securities offerings and certain de minimis transactions.

Public Law 2001, chapter 61 was enacted as an emergency measure effective April 12, 2001.

LD 391

An Act to Expand the Mission of the Office of the Public Advocate

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
POVICH MCALEVEY	ONTP	

LD 391 proposed to expand the duties of the Public Advocate to include oversight of the insurance industry by allowing the Public Advocate to review and make recommendations to the Superintendent of Insurance regarding insurance rates, policies and availability of products to Maine consumers. The bill also would have authorized the Public Advocate to intervene on behalf of a consumer or group of consumers of insurance products in any action before the Bureau of Insurance, other state or federal agencies or courts.

Joint Standing Committee on Banking and Insurance

LD 392

An Act to Establish the Community Health Access Program

DIED ON
ADJOURNMENT

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-670
	ONTP MIN	

LD 392 proposed to implement the recommendations of the Joint Select Committee to Study the Creation of a Public/Private Purchasing Alliance to Ensure Access to Health Care for All Maine Citizens. The bill would do the following.

1. It establishes the Community Health Access Program within the Department of Human Services. The bill allows the department to determine service areas throughout the State for the provision of comprehensive health care services through local community-based health plans. The community-based plans are managed by nonprofit community health plan corporations and governed by local boards. The program is primarily designed for individuals without health insurance and micro-employers with 4 or fewer employees.
2. It eliminates the requirement that a voluntary private purchasing alliance offer at least 3 different carriers through the alliance.
3. It directs the Department of Human Services to apply for a waiver from the Federal Government to establish a Medicaid "buy-in" program for individuals without health insurance coverage and small employers as a benefit to their employees.

Committee Amendment "A" (H-670) was the majority report of the committee and replaced the bill. The amendment proposed to establish the Community Health Access Program within the Department of Human Services. The amendment would allow the department to determine two service areas throughout the State for the provision of comprehensive health care services through local community-based health plans. The community-based health plans would be managed by nonprofit community health care corporations and governed by local boards. The program is primarily designed for individuals without health insurance and micro-employers with 4 employees or less.

The amendment removed the provisions of the bill that amended the laws governing private purchasing alliances and directed the Department of Human Services to apply for a Medicaid waiver to develop a Medicaid buy-in program because those provisions are included in other legislation.

The amendment also added an appropriation, an allocation and a fiscal note to the bill.

LD 392 was placed on the Special Appropriations Table in the Senate and died on adjournment. However, the substantive provisions of Committee Amendment "A" that would establish the Community Health Access Program within the Department of Human Services were enacted in the Part II budget, Public Law 2001, chapter 439, Part BBB with a delayed effective date of July 1, 2002.

Joint Standing Committee on Banking and Insurance

LD 403

An Act to Provide Health Insurance Coverage for General Anesthesia and Associated Facility Charges for Dental Procedures for Certain Vulnerable Persons

PUBLIC 423

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON	OTP-AM MAJ	S-300
SCHNEIDER	OTP-AM MIN	

LD 403 proposed to require that health insurers and health maintenance organizations provide coverage for general anesthesia and associated facility charges for dental procedures rendered in a hospital for certain eligible enrollees, including persons with developmental disabilities and persons whose health is compromised and for whom general anesthesia is medically necessary. This bill does not provide coverage for charges for the dental procedure itself, including, but not limited to, the professional fee of the dentist.

Committee Amendment "A" (S-300) was the majority report of the committee and replaced the bill. Like the bill, the amendment proposed to require that health insurers and health maintenance organizations provide coverage for general anesthesia and associated facility charges for dental procedures rendered in a hospital for certain eligible enrollees, including persons with developmental disabilities and persons whose health is compromised and for whom general anesthesia is medically necessary. As in the bill, coverage would not be provided for charges for the dental procedure itself, including, but not limited to, the professional fee of the dentist. The amendment proposed to clarify that coverage under a dental insurance policy is primary and health insurance coverage is secondary and make other clarifications in the language.

The amendment would apply to all policies, contracts and certificates issued or renewed on or after January 1, 2002. The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 423 requires that health insurers and health maintenance organizations provide coverage for general anesthesia and associated facility charges for dental procedures rendered in a hospital for certain eligible enrollees, including persons with developmental disabilities and persons whose health is compromised and for whom general anesthesia is medically necessary. The law does not require coverage for charges for the dental procedure itself, including, but not limited to, the professional fee of the dentist.

Public Law 2001, chapter 423 applies to all policies, contracts and certificates issued or renewed on or after January 1, 2002.

LD 412

An Act to Amend the Maine Consumer Credit Code

PUBLIC 82

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-80
DOUGLASS		

Joint Standing Committee on Banking and Insurance

LD 412 proposed to change the requirement on allowing deferment of the first periodic payment in a closed-end credit sale or loan from not more than 90 days to not more than 12 months.

Committee Amendment "A" (H-80) proposed to clarify that interest or costs may not be assessed against a consumer as the result of any period of deferral of the initial payment in a closed-end credit sale or loan. The assessment of allowable costs would be permitted if those costs are not associated with the deferral, such as costs incurred by default other than for nonpayment. The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 82 allows a creditor to permit a consumer to delay the first periodic payment on a closed-end credit sale or loan for up to 12 months. Under current law, deferral is only permitted for up to 90 days.

Public Law 2001, chapter 82 also prohibits the assessment of interests or costs against a consumer during the deferral period, but permits assessment of allowable costs not associated with the deferral such as costs incurred by default other than for nonpayment.

LD 413

An Act to Amend the Definition of "Health Insurance"

**PUBLIC 79
EMERGENCY**

Sponsor(s)
O'NEIL

Committee Report
OTP-AM

Amendments Adopted
H-81

LD 413 proposed to remove certain limited benefit insurance products from the definition of health insurance and related terms as they relate to mandated medical benefits, coverages and rights involving health care practitioner, hospital, surgical or outpatient services or other forms of medical care.

Committee Amendment "A" (H-81) replaced the bill. The amendment proposed to exclude certain limited benefit health insurance products from the definition of "health insurance" and related terms as the terms apply to laws mandating medical benefits and coverage for certain specific health services, specific diseases or certain providers of health care services and to rights and obligations required under Maine Revised Statutes, Title 24-A, chapter 56-A enacted after the effective date of the bill.

The amendment also added an emergency preamble, emergency clause and fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 79 excludes certain limited benefit health insurance products from the definition of "health insurance" and related terms as the terms apply to laws enacted after the effective date of this law that mandate medical benefits and coverage for certain specific health services, specific diseases or certain providers of health care services and that require certain rights and obligations under the Maine Revised Statutes, Title 24-A, chapter 56-A. The effect of Public Law 2001, chapter 79 is to exempt accidental injury, specified disease, hospital indemnity, disability income, Medicare supplement, long-term care or other limited benefit health insurance from having to comply with mandated benefit laws.

Public Law 2001, chapter 79 was enacted as an emergency measure effective May 2, 2001.

Joint Standing Committee on Banking and Insurance

LD 414 **An Act to Require Health Maintenance Organizations to Cover Optometrist Services** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL DOUGLASS	ONTP	

LD 414 proposed to amend the laws applicable to payments by health maintenance organizations for eye care services. It would have required health maintenance organizations to include coverage for services by optometrists.

See related bill LD 323.

LD 415 **An Act to Strengthen Health Maintenance Organization Insolvency Requirements** **ONTP**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL DOUGLASS	ONTP	

LD 415 proposed to require that health maintenance organizations carry insurance adequate to ensure payment for at least 120 days worth of managed care claims payments owed to participating providers in the event of insolvency.

See related bill LD 1284.

LD 426 **An Act Concerning Managed Care Provider Agreements** **DIED BETWEEN BODIES**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM MAJ OTP-AM MIN	

LD 426 proposed to clarify that "hold harmless" provisions of managed care provider agreements and the "hold harmless" clause in the Maine Insurance Code do not prohibit participating providers from seeking reimbursement from either the health plan or the enrollee when the enrollee has not adhered to the terms of the health plan. The bill proposed to make the use or enforcement of "most favored nation" provisions in managed care provider agreements an unfair insurance practice. It also would allow participating providers to opt out of so-called "all products" clauses in participating provider agreements.

Joint Standing Committee on Banking and Insurance

Committee Amendment "A" (H-588) was the majority report of the committee and replaced the bill. The amendment proposed to clarify that the "hold harmless" provisions of managed care provider agreements do not prohibit participating providers from seeking reimbursement from an enrollee when the enrollee has not adhered to the terms of the health plan. The amendment required that participating providers notify enrollees of the availability of the Bureau of Insurance's Consumer Health Care Division for assistance in determining whether a health maintenance organization has properly denied coverage before seeking reimbursement. It also would preclude a provider from seeking reimbursement from a subscriber or enrollee if a determination is made that the health maintenance organization is liable for the coverage. The amendment also provided that the failure of a provider or health maintenance organization to process or issue a referral may not be considered the enrollee's failure to abide by the terms of the health plan.

The amendment proposed to remove the provisions in the bill relating to "most favored nation" and "all products" clauses in managed care provider agreements. The amendment also added a fiscal note to the bill.

Committee Amendment "A" was adopted in the House, but was not adopted in the Senate.

Committee Amendment "B" (H-589) was the minority report of the committee and replaced the bill. Like the majority report, the amendment proposed to clarify that the "hold harmless" provisions of managed care provider agreements do not prohibit participating providers from seeking reimbursement from an enrollee when the enrollee has not adhered to the terms of the health plan and also provided that the failure of a provider or health maintenance organization to process or issue a referral may not be considered the enrollee's failure to abide by the terms of the health plan. The amendment proposed to require that participating providers notify enrollees of the availability of the Bureau of Insurance's Consumer Health Care Division for assistance in determining whether a participating provider is properly exercising the provider's rights, but did not require that a determination be made that the coverage has properly been denied before permitting a provider to seek reimbursement.

The amendment proposed to remove the provisions in the bill relating to "most favored nation" and "all products" clauses in managed care provider agreements. The amendment also added a fiscal note to the bill.

Committee Amendment "B" was adopted in the Senate, but was not adopted in the House.

LD 428

An Act to Modify the Bureau of Insurance Complaint Ratios and to Increase the Amount of Penalties Assessed Against Violators of the Maine Insurance Code

PUBLIC 165

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN	OTP-AM	H-199

LD 428 was submitted on behalf of the Department of Professional and Financial Regulation. Part A of the bill proposed to eliminate the requirement that the Bureau of Insurance consider only defined "substantiated" complaints in calculating and publicizing complaint ratios that compare insurers by the number of written complaints received by the Bureau of Insurance proportionate to insurer market share by lines of business. It also provided that rules adopted by the Bureau related to complaint ratios are routine technical, rather than major substantive rules. Part A also proposed to clarify that only a written complaint submitted on a form approved by the Superintendent of Insurance would be counted as a complaint.

Joint Standing Committee on Banking and Insurance

Part B of the bill proposed to increase the amount of penalties the Superintendent of Insurance may assess against corporations or other entities for violations of the insurance laws or rules from \$2,000 per violation to \$10,000 per violation.

Committee Amendment "A" (H-199) proposed to clarify the definition of a "consumer complaint" for the purposes of calculating complaint ratios. It defined a "consumer complaint" as a written complaint that results in the need for the bureau to conduct further investigation or to communicate in writing with a regulated entity for a response or resolution to the complaint.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 165 eliminates the requirement that the Bureau of Insurance consider only defined "substantiated" complaints in calculating and publicizing complaint ratios that compare insurers by the number of written complaints received by the Bureau of Insurance proportionate to insurer market share by lines of business. Instead, the law clarifies that a "consumer complaint" is a written complaint that results in the need for the Bureau of Insurance to conduct further investigation or communicate in writing with a regulated entity for a response or resolution to the complaint. It also provides that future rules adopted by the Bureau related to complaint ratios are routine technical, rather than major substantive rules.

Public Law 2001, chapter 165 also increases the amount of penalties the Superintendent of Insurance may assess against corporations or other entities for violations of the insurance laws or rules from \$2,000 per violation to \$10,000 per violation.

LD 429

An Act to Change the Name of the Bureau of Banking in Order to Accurately Reflect the Scope and Variety of Entities Regulated by the Bureau

PUBLIC 44

<u>Sponsor(s)</u> O'NEIL DOUGLASS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-50
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LD 429 proposed to change the name of the Bureau of Banking to the Bureau of Financial Institutions and the name of the Superintendent of Banking to the Superintendent of Financial Institutions.

Committee Amendment "A" (H-50) proposed to add a provision clarifying that any official action taken by the Superintendent of Banking remains in force after the law takes effect as if it were issued by the Superintendent of Financial Institutions. The amendment also added an effective date of January 1, 2002 to the bill and a fiscal note.

Enacted law summary

Public Law 2001, chapter 44 changes the name of the Bureau of Banking to the Bureau of Financial Institutions and the name of the Superintendent of Banking to the Superintendent of Financial Institutions.

Joint Standing Committee on Banking and Insurance

The law becomes effective January 1, 2002.

LD 431

**An Act to Amend the Credit for Reinsurance Provisions of the
Maine Insurance Code**

PUBLIC 47

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-44

LD 431 proposed to amend the State's credit for reinsurance statutes to adopt provisions from the 1996 National Association of Insurance Commissioners Credit for Reinsurance Model Act, related to oversight and regulation of ceding insurers and reinsurers. The proposed legislation also incorporated technical clean-up provisions to the credit for reinsurance and rehabilitation and liquidation laws to eliminate confusing and ambiguous language and clarify a reinsurer's responsibility in the event of an insurance company insolvency.

Committee Amendment "A" (H-44) proposed to make changes to the State's credit for reinsurance statutes to adopt provisions from the 1996 National Association of Insurance Commissioner's Credit for Reinsurance Model Act. The amendment also proposed to incorporate technical clean-up provisions to the credit for reinsurance laws to eliminate confusing and ambiguous language and clarify a reinsurer's responsibility in the event of an insurance company insolvency. The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 47 amends the State's credit for reinsurance statutes to adopt provisions from the 1996 National Association of Insurance Commissioners Credit for Reinsurance Model Act related to oversight and regulation of ceding insurers and reinsurers. The law also incorporates technical clean-up provisions to the credit for reinsurance and rehabilitation and liquidation laws to eliminate confusing and ambiguous language and clarify a reinsurer's responsibility in the event of an insurance company insolvency.

LD 439

**An Act to Create Catastrophic Health Insurance for Small
Businesses in Maine**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MACDOUGALL	ONTP MAJ	
LEMONT	OTP-AM MIN	

LD 439 proposed to allow carriers in the small group market to offer a catastrophic health plan defined by the Superintendent of Insurance. For purposes of the bill, a catastrophic health plan is a plan that provides benefits for medical emergencies, serious illness and hospitalization only and that is exempt from the requirements for mandated coverage. The bill would prohibit a catastrophic health plan from providing coverage for preventive care or annual exams and require a deductible to be imposed of \$1500 or higher. The bill also would have required that the premium rate charged by the carrier for a catastrophic plan may not exceed 80% of the premium rate charged by that carrier for the basic plan required by the Department of Professional and Financial Regulation, Bureau of Insurance, Rule Chapter 750.

Joint Standing Committee on Banking and Insurance

LD 452

An Act to Assist Individuals in Obtaining Catastrophic Insurance

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TRAHAN MCALEVEY	ONTP	

LD 452 proposed to provide premium subsidies based on income to individuals covered under catastrophic health plans. Those individuals with incomes at or below 200% of the poverty line and up to 250% of the poverty line would have qualified for a premium subsidy on a sliding-scale basis. The bill defined an individual catastrophic health plan as a health plan providing comprehensive benefits that imposes a deductible of \$2,500.

LD 474

An Act to Require Liability Insurance Carriers to Disclose Limits of Liability to Claimants

**DIED IN
CONCURRENCE**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SAVAGE W	ONTP MAJ OTP-AM MIN	

LD 474 proposed to require a liability insurance carrier of a potential defendant to provide a claimant with the limitations of liability in the insurance agreement that the carrier has with the potential defendant and impose a civil penalty of \$100 a day for each day an insurance carrier fails to provide the required information.

Committee Amendment "A" (H-49) was the minority report of the committee and replaced the bill. It proposed to remove the provision assessing a per diem penalty and make violations subject to civil penalty in accordance with violations of other provisions of the Maine Insurance Code. The amendment also proposed to make other technical changes and clarifications and add a fiscal note to the bill. Committee Amendment "A" was not adopted.

LD 482

An Act to Ensure Equality in Health Insurance Coverage for Eating Disorders for Children and Adults

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROOKS	ONTP	

LD 482 proposed to require health insurance policies and contracts to provide coverage for eating disorders to any person, including a person who is under 18 years of age.

See related bills LD 1572 and LD 1627.

Joint Standing Committee on Banking and Insurance

LD 484

An Act to Mandate Smoking Cessation Services for Health Insurance

ONTP

<u>Sponsor(s)</u> O'NEIL		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 484 proposed to require health insurers, health maintenance organizations and nonprofit hospital and medical service organizations to provide coverage for smoking cessation services in their individual and group policies for up to 3 "quit attempts" per enrollee. The bill did not require coverage for over-the-counter smoking cessation products. The bill would have applied to all policies and contracts issued or renewed on or after January 1, 2002.

LD 485

Resolve, to Create a Committee to Study the Feasibility of a Single Payor Health Care System

ONTP

<u>Sponsor(s)</u> RICHARDSON EDMONDS		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 485 proposed to establish the Health Care Reform Commission to study and make recommendations to reform the State's health care system in a manner that addresses the State's unique social and financial situation and lowers costs to all components of the health care system.

See related bill LD 1490.

LD 491

An Act Regarding Service Contracts

ONTP

<u>Sponsor(s)</u> ABROMSON DUDLEY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 491 proposed to establish regulatory standards for providers of service contracts and exempt these contracts from all other provisions of the Maine Insurance Code. It also proposed to exempt warranties; maintenance agreements; warranties, service contracts and maintenance agreements offered by public utilities on their transmission devices to the extent they are regulated by the Public Utilities Commission; service contracts sold or offered for sale to persons other than consumers; and service contracts on tangible property purchased for \$350 or less.

Joint Standing Committee on Banking and Insurance

LD 510

An Act Concerning Indemnification and Limitation of Liability Provisions of Managed Care Participating Provider Agreements

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SHIELDS	ONTP MAJ	
DOUGLASS	OTP MIN	

LD 510 proposed to require that an indemnification provision included in a managed care participating provider agreement must apply equally to each party and prohibit the carrier or the participating provider from indemnifying the other for any amount beyond the limit of liability insurance coverage available in the State. The bill also proposed to prohibit a carrier from limiting its liability in a participating provider agreement.

LD 526

An Act to Expand Insurance Coverage in the State

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WHEELER G	ONTP	
LEMONT		

LD 526 proposed to require health insurance carriers to offer policies providing coverage for unmarried couples under the same terms and conditions as coverage for married couples relative to the benefits or options for benefits extended to spouses of health plan members.

See related bill LD 1703.

LD 543

An Act to Provide Universal Access to Health Care for All Citizens of the State

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PARADIS	ONTP	
MARTIN		

LD 543 was a concept draft pursuant to Joint Rule 208. The bill proposed to establish a system to provide universal access to health care for all Maine citizens.

See related bills LD 1041 and LD 1277.

Joint Standing Committee on Banking and Insurance

LD 554

An Act to Provide Equity in Reimbursement for Health Care Providers

ONTP

<u>Sponsor(s)</u> PERRY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 554 proposed to require an insurer to pay health care providers for health care services within 30 days of submission of a claim. The bill would permit one exception to this 30-day payment requirement: when the insurer provides written notice that a claim is controverted, the health care provider need not be paid within 30 days for health care services within the scope of the controverted claim provided after receipt of the notice. The bill also proposed to require that an insurer pay for these additional health care services and any legal expenses incurred by the insured in pursuit of payment of the controverted claim when it is determined that the insurer is obligated to pay the controverted claim.

See related bill LD 782.

LD 555

An Act Regarding Assignment of Benefits Under Personal Injury Insurance

ONTP

<u>Sponsor(s)</u> PERRY		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 555 proposed to require health care providers to notify insurers of assignments of benefits and insurers to pay health care providers directly when they have received notice of assignments of benefits. If after receiving notice of an assignment of benefits an insurer pays an insured's claim, the insurer must still pay the related claim of the health care provider. An assignment of benefits cannot be revoked or amended without the written permission of the health care provider.

LD 573

An Act to Require Health Insurance Carriers to Cover the Cost of Dental Surgery for Children in Need of Hospital Dentistry

ONTP

<u>Sponsor(s)</u> RICHARDSON		<u>Committee Report</u> ONTP		<u>Amendments Adopted</u>
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LD 573 proposed to require health insurance policies and contracts to provide coverage for dental treatment performed on minors under general anesthesia in a hospital.

See related bill LD 403.

Joint Standing Committee on Banking and Insurance

LD 590

An Act to Strengthen the Authority of the Bureau of Insurance

DIED BETWEEN
BODIES

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT	OTP-AM MAJ	
SAXL	ONTP MIN	

LD 590 proposed to do the following.

1. It increases the maximum civil penalty for violations of the Maine Insurance Code by corporate entities to \$25,000.
2. It describes the mission of the Department of Professional and Financial Regulation, Bureau of Insurance and requires that the bureau dedicate its resources to supporting its mission.
3. It requires that the bureau appoint an advocacy panel to represent the interests of consumers in any rate filing affecting the interests of more than 100 policyholders or certificate holders or in any proceeding regarding an application for licensure by an insurer, nonprofit hospital and medical service organization, nonprofit health care service organization or health maintenance organization.
4. It allows the Superintendent of Insurance to order an insurer, nonprofit hospital and medical service organization, nonprofit health care service organization or health maintenance organization to compensate an intervenor in a proceeding for reasonable attorney's fees, expert witness fees or other reasonable costs. The superintendent may order compensation upon a finding that the position of the intervenor is not adequately represented by an advocacy panel, that the intervenor has substantially contributed to the approval, in whole or in part, of a position advocated by the intervenor in the proceeding and that the participation of the intervenor in the proceeding without compensation would impose a significant financial burden on the intervenor. The bill also allows the Superintendent of Insurance to order compensation for an intervenor from Bureau of Insurance funds if the position of the intervenor is not adequately represented by an advocacy panel and if participation of the intervenor without compensation would impose a significant financial burden on the intervenor.
5. It requires the bureau to conduct on an annual basis at least one market conduct examination of insurers writing business in each of its divisions: property and casualty insurance; life and disability insurance; and health insurance.
6. It removes the requirement that only substantiated complaints are included in the complaint ratios compiled by the Bureau of Insurance.
7. It requires the Bureau of Insurance, Consumer Health Care Division to publish a chart comparing health plans offered by carriers and allows the division to contract for those services. It also requires the division to publish information relating to complaints against carriers.

Committee Amendment "A" (S-271) was the majority report of the committee and replaced the bill. The amendment proposed to do the following.

1. It limits the requirement for an advocacy panel to rate hearings on individual health plans that propose a rate increase of 20% or more and to proceedings related to the change of control of a Maine health insurer,

Joint Standing Committee on Banking and Insurance

nonprofit hospital and medical service organization or health maintenance organization pursuant to the Maine Revised Statutes, Title 24-A, section 222, subsection 7.

2. It allows the Superintendent of Insurance to decide the scope of an advocacy panel and permits contracting for those services if existing Bureau of Insurance resources are not adequate.
3. It removes the provision on intervenor funding.
4. It requires annual reports from the Bureau of Insurance, within the Department of Professional and Financial Regulation, on the number of advocacy panels as well as an evaluation of the usefulness of advocacy panels.
5. It clarifies that the provisions apply to health insurers, nonprofit hospital and medical service organizations and health maintenance organizations that issue health plans in this State.
6. It also adds a subsection that repeals Title 24-A, section 205-A on October 1, 2006 unless the section is continued or modified by law.
7. It also adds an allocation section and a fiscal note to the bill.

Committee Amendment "A" was adopted in the House, but was not adopted in the Senate.

House Amendment "A" to Committee Amendment "A" (H-678) proposed to allow the Bureau of Insurance to hire additional staff or contract for the services of an advocacy panel to represent the interests of consumers and the public in a proceeding regarding a rate filing for an individual health plan. This amendment replaced the allocation section in Committee Amendment "A" and also corrected a statutory reference to reflect changes made by laws previously enacted this session. House Amendment "A" was adopted in the House, but was not adopted in the Senate.

Senate Amendment "A" to Committee Amendment "A" (S-305) proposed to allow the Bureau of Insurance to hire additional staff or contract for the services of an advocacy panel to represent the interests of consumers and the public in a proceeding regarding a rate filing for an individual health plan. This amendment replaced the allocation section in Committee Amendment "A" and also corrected a statutory reference to reflect changes made by laws previously enacted this session. Senate Amendment "A" was not adopted.

LD 593

**An Act to Establish the Office of Securities within the Department
of Professional and Financial Regulation**

PUBLIC 182

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL DOUGLASS	OTP-AM	H-238

LD 593 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 593 proposed to move the Securities Division from the Bureau of Banking to a separate office within the Department of Professional and Financial Regulation to be known as the "Office of Securities." The Securities Administrator is appointed by the Commissioner of Professional and Financial Regulation for a term coterminous

Joint Standing Committee on Banking and Insurance

with the term of Governor and may be removed for cause. The administrator is given compensation commensurate with other agency heads within the Department of Professional and Financial Regulation and is given like authority to appoint and train personnel, cooperate and contract with other agencies and organize the Office of Securities. The administrator may also delegate the administrator's duties and authorities to senior office personnel. The substantive regulatory authority of the agency and the administrator remain unchanged.

Committee Amendment "A" (H-238) proposed to clarify that the position of Administrator of the Office of Securities is a major policy-influencing position within the department.

Enacted law summary

Public Law 2001, chapter 182 moves the Securities Division from the Bureau of Banking to a separate office within the Department of Professional and Financial Regulation to be known as the "Office of Securities." The Securities Administrator is appointed by the Commissioner of Professional and Financial Regulation for a term coterminous with the term of the Governor, and may be removed for cause. The administrator is given compensation commensurate with other agency heads within the Department of Professional and Financial Regulation and is given like authority to appoint and train personnel, cooperate and contract with other agencies and organize the Office of Securities. The administrator may also delegate the administrator's duties and authorities to senior office personnel. The substantive regulatory authority of the agency and the administrator remain unchanged.

LD 594 **An Act to Require Health Insurance Providers to Maintain Benefits During the Contract Term** **ONTP**

<u>Sponsor(s)</u> HATCH EDMONDS	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 594 proposed to require an insurer who enters into a health insurance binder with an employer to provide any health benefit to employees that the employer is contractually obliged to provide to employees during the term of the contract or risk a fine, suspension or revocation of the insurer's certificate of authority on being sued in Superior Court by any aggrieved parties.

LD 599 **An Act to Eliminate Maine Employers' Mutual Insurance Company Industry and Geographic Divisions and Related Advisory Boards and Other Outdated Provisions** **PUBLIC 350**

<u>Sponsor(s)</u> O'NEIL LAFOUNTAIN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-198 H-266 O'NEIL
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LD 599 proposed to update the charter of the Maine Employers' Mutual Insurance Company, or MEMIC.

Joint Standing Committee on Banking and Insurance

1. It eliminates MEMIC industry or geographic divisions and their advisory boards because of the substantially diminished role such divisions and boards play in the operation of MEMIC.
2. It eliminates certain funding and accounting language rendered obsolete since the Superintendent of Insurance certified the company as having adequate surplus.
3. It preserves the high-risk division as a separate program subject to standards that previously applied to the high-risk division.

Committee Amendment "A" (H-198) proposed to clarify that an employer may be placed in the high-risk program for noncompliance with reasonable safety standards and allow the Board of Directors of the Maine Employers' Mutual Insurance Company to establish a plan for surcharges in the high-risk program based on an employer's specific loss experience. The amendment also corrected a technical error in the bill.

House Amendment "A" (H-266) proposed to clarify the standards for the placement of an employer in the high-risk program.

Joint Standing Committee on Banking and Insurance

Enacted law summary

Public Law 2001, chapter 350 updates the charter of the Maine Employers' Mutual Insurance Company, or MEMIC. The law eliminates MEMIC industry or geographic divisions and their advisory boards because of the substantially diminished role such divisions and boards play in the operation of MEMIC. It also eliminates certain funding and accounting language rendered obsolete since the Superintendent of Insurance certified the company as having adequate surplus. It preserves the high-risk division as a separate program subject to standards that previously applied to the high-risk division.

LD 600

An Act to Implement the Recommendations of the Joint Select Committee on School-based Health Care Services

CARRIED OVER

Sponsor(s)

Committee Report

Amendments Adopted

LD 600 would implement the recommendations of the Joint Select Committee on School-based Health Care Services. The bill proposed to do the following.

1. It requires the Department of Human Services to provide the state match for federal revenues under the Medicaid program for services provided in school-based health centers.
2. It requires the Department of Human Services to adopt rules allowing school-based health centers to become eligible for reimbursement for case management services to Medicaid-eligible children.
3. It requires health carriers to provide coverage for services provided in school-based health centers if the services would be covered under the policy in another setting. The bill also requires coverage for services under managed care plans without requiring prior approval from a primary care provider but requires school-based health centers to notify the primary care provider within 3 business days after the services are provided.
4. It requires the Department of Human Services, Bureau of Health, Division of Community and Family Health to convene an advisory group to develop standards and guidelines for school-based health centers and a certification process for school-based health centers. The advisory group shall submit its report and any necessary implementing legislation to the Joint Standing Committee on Health and Human Services. The Joint Standing Committee on Health and Human Services has authority to introduce a bill to the Second Regular Session of the 120th Legislature.

As required by Title 24-A Maine Revised Statutes Section 2752, the Joint Standing Committee on Banking and Insurance has requested that a review and evaluation of the proposed mandated health insurance benefit for school-based health care services included in the bill be completed by the Bureau of Insurance over the interim. LD 600 has been carried over to the Second Regular Session.

Joint Standing Committee on Banking and Insurance

LD 606

Resolve, to Reduce the Cost of Health Care Policies Purchased by Consumers and Businesses

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TURNER	ONTP MAJ OTP-AM MIN	

LD 606 proposed to require the Department of Professional and Financial Regulation, Bureau of Insurance to examine the state laws and rules governing health insurance and submit a report with implementing legislation that eliminates all mandated health insurance coverages to the Second Regular Session of the 120th Legislature no later than December 1, 2001.

LD 688

An Act to Eliminate the Requirement that Workers' Compensation Insurers Disclose Certain Cost Breakdowns When Issuing Workers' Compensation Policies

PUBLIC 176

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON	OTP-AM	H-197

LD 688 proposed to eliminate the requirement that workers' compensation insurers include detailed cost information with workers' compensation policies.

Committee Amendment "A" (H-197) proposed to require that workers' compensation insurers include detailed cost information with workers' compensation policies upon request from the employer.

Enacted law summary

Public Law 2001, chapter 176 requires that workers' compensation insurers include detailed cost information with workers' compensation policies upon request from the employer.

LD 726

An Act to Clarify the Medical Payments Subrogation Statute

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
RICHARDSON	ONTP	

LD 726 proposed to prohibit casualty insurers providing medical payments coverage from instituting any action to recover payments made to an insured from an insurer of a person legally responsible for the insured's injury prior to the insured obtaining a recovery through settlement or through trial without the prior written consent of the insured obtained after the insurer notifies its insured of its desire to take such action.

Joint Standing Committee on Banking and Insurance

LD 727

**Resolve, to Establish a Task Force to Study the Progress in
Implementing a Single Claims Processing System**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
FULLER BENNETT	ONTP	

LD 727 proposed to establish the Task Force to Study the Progress Made in Implementing a Single Claims Processing System for 3rd-party Payors of Health Care Benefits to follow up on the work done by the Task Force to Study the Feasibility of a Single Claims Processing System for 3rd-party Payors of Health Care Benefits, as established in Resolve 1997, chapter 63.

LD 778

**An Act to Require Health Insurance Companies to Provide
Advance Notice of Cancellation**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KILKELLY FULLER	ONTP	

LD 778 proposed to require a health insurance company to notify an insured before canceling a policy for nonpayment of a premium. The notice must include language informing the insured that the policy will be cancelled if the premium is not paid within 2 weeks.

LD 782

An Act to Ensure Health Maintenance Organization Accountability **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KILKELLY HONEY		

LD 782 proposed to define the term "undisputed claims" relative to health maintenance organizations, require the Superintendent of Insurance to collect data sufficient to enforce timely payment of undisputed claims and establish financial penalties for health maintenance organizations that do not make timely payment of claims.

LD 782 has been carried over to the Second Regular Session.

Joint Standing Committee on Banking and Insurance

LD 801

**An Act to Authorize the State and Participating Municipalities to
Pool Health Care in a Joint Venture**

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
PINEAU MARTIN	ONTP	

LD 801 proposed to authorize the State to form a joint venture with participating counties and municipalities for a self-funded group health plan for state, county and municipal employees.

LD 802

An Act to Improve End-of-life Care in the State

INDEF PP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MADORE KILKELLY	OTP-AM	H-586

LD 802 contains a number of provisions regarding hospice, end-of-life and palliative care. The bill proposed to do the following:

1. It requires health insurance and health maintenance contracts to cover palliative, hospice and end-of-life care.
2. It provides reimbursement under the Medicaid program for hospice care at \$130 per day.
3. It authorizes the Department of Human Services to establish the Maine Center for End-of-life Care.
4. It requires a report from the Department of Professional and Financial Regulation, Office of Licensing and Registration by January 15, 2002 regarding professional education requirements regarding end-of-life care, palliative care, hospice, pain management, advanced health care directives, appointment of health care decision surrogates and do-not-resuscitate orders.
5. It requires the Maine Health Data Organization to gather baseline data and standardized assessment tools regarding end-of-life care, palliative care, pain and symptom management and quality indicators for the care of terminally ill persons.
6. It requires the Joint Standing Committee on Health and Human Services to undertake a study of palliative care, hospice care and the barriers to inpatient hospice care.
7. It appropriates \$50,000 for the Maine Hospice Council.

Committee Amendment "A" (H-586) replaced the bill and proposed to do the following:

1. It removes the provisions relating to a mandated health insurance benefit for hospice care.

Joint Standing Committee on Banking and Insurance

2. It removes the provisions relating to reimbursement under the Medicaid program for hospice care because that issue is addressed in other legislation.
3. It requires the Department of Human Services, Bureau of Health to solicit grants and funding from other outside funding sources to establish and operate the Maine Center for End-of-life Care and requires that the center be hosted by an educational institution, professional association or other entity interested in the care of the terminally ill.
4. It requires the Department of Professional and Financial Regulation, Office of Licensing and Registration to compile a report on the current entry-level and continuing educational requirements related to end-of-life care issues for licensed health care professions.
5. It requires the Maine Health Data Organization to gather baseline data and standardized assessment tools regarding end-of-life care within the organization's existing database.
6. It removes the provision requiring the Joint Standing Committee on Health and Human Services to undertake a study of end-of-life care and the barriers to inpatient hospice care.
7. It retains the appropriation of \$50,000 to the Maine Hospice Council.
8. It also adds an allocation section and a fiscal note to the bill.

The substantive provisions of LD 802 and Committee Amendment "A" were incorporated into the Part I budget, LD 300, Public Law 2001, chapter 358, Part LL. Public Law 2001, chapter 358 was enacted as an emergency measure effective June 4, 2001. The provisions requiring individual and group health insurance and health maintenance organization contracts to cover hospice care services apply to contracts issued or renewed on or after January 1, 2002.

LD 812

An Act to Provide Insurance Parity for Substance Abuse Treatment

ONTP

<u>Sponsor(s)</u> DAGGETT MITCHELL B	<u>Committee Report</u> ONTP	<u>Amendments Adopted</u>
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LD 812 proposed to require that all individual and group health insurance policies or contracts provide coverage for substance abuse treatment under the same terms and conditions as coverage for physical conditions and illnesses. The bill would have applied to all policies and contracts issued or renewed on or after January 1, 2002.

See related bills LD 1572 and LD 1627.

Joint Standing Committee on Banking and Insurance

LD 816

An Act to Clarify Discounts to Nonsmokers in the Health Insurance Premium Rates

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
NUTTING J MARRACHE	ONTP	

LD 816 proposed to clarify the ability of insurers to offer premium discounts based on the smoking status of insureds.

See related bill LD 1745.

LD 854

An Act to Amend the Maine Insurance Code to Adopt Statutory Insurance Accounting Principles

PUBLIC 72

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN LAFOUNTAIN	OTP-AM	H-79

LD 854 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 854 proposed to modernize the laws governing accounting standards for insurers by adopting the statutory insurance accounting practices that have been codified by the National Association of Insurance Commissioners, or NAIC, on a nationwide basis effective January 1, 2001. The bill proposed to repeal conflicting or superfluous provisions of the chapter of the Maine Insurance Code relating to valuation of insurers' assets and liabilities and update the pertinent cross-references. The bill also proposed to correct an error in the definition of "subsidiary" in the holding company law and incorporate a change to the transactions-with-affiliates section that was inadvertently omitted from prior accreditation legislation.

Enacted law summary

Public Law 2001, chapter 72 modernizes the laws governing accounting standards for insurers by adopting the statutory insurance accounting practices that have been codified by the National Association of Insurance Commissioners, or NAIC, on a nationwide basis effective January 1, 2001. The law repeals conflicting or superfluous provisions of the chapter of the Maine Insurance Code relating to valuation of insurers' assets and liabilities and updates the pertinent cross-references. It also corrects an error in the definition of "subsidiary" in the holding company law and incorporates a change to the transactions-with-affiliates section that was inadvertently omitted from prior accreditation legislation.

Joint Standing Committee on Banking and Insurance

LD 915

An Act to Amend the Maine Insurance Guaranty Association Act

CARRIED OVER

Sponsor(s)

Committee Report

Amendments Adopted

LD 915 proposed to make the following changes to the Maine Insurance Guaranty Association Act.

1. It exempts additional types of insurance from being subject to the Act.
2. It excludes first-party claims by an insured whose net worth exceeds \$10,000,000.
3. It amends the definition of "insolvent insurer" to clarify that it applies to that group of insurers defined as "member insurers," and amends the definition to mean a member insurer against whom a final order of liquidation has been entered.
4. It enacts a definition of "person" to mean any individual or legal entity, including a governmental entity.
5. It sets a \$10,000 cap on a claim for the return of an unearned premium.
6. It provides that claims resulting from an insolvency must be filed no later than 18 months after the insolvency.
7. It provides that the Maine Insurance Guaranty Association may intervene as a party in a case involving an insolvent insurer.
8. It provides a premium tax offset for an insurer that pays an assessment pursuant to the Act.

Committee Amendment "A" (S-268) proposed to make the following changes to the bill.

1. It excludes from the definition of covered claims any first party claims of an insured whose net worth exceeds \$25,000,000.
2. It changes the cap on unearned premium to \$25,000.
3. It establishes a bar date for filing covered claims of the earlier of 24 months after the order of liquidation or the final date set by a court and allows the association to accept the late filed claims as covered claims for good cause.
4. It requires that notification of an insolvency to insureds and other interested parties by the association include prominent notice of the date by which a claim must be filed with the association.
5. It clarifies that the premium offset applies to deficiency assessments under Maine Revised Statutes, Title 24-A, Section 4440-A.
6. It clarifies the applicability provision.
7. The amendment also added a fiscal note to the bill.

Joint Standing Committee on Banking and Insurance

Committee Amendment "A" was adopted in the House, but, because the bill had a fiscal impact, LD 915 was placed on the Special Appropriations Table in the Senate pending enactment. At the end of the session, LD 915 was recommitted to the Joint Standing Committee on Appropriations and Financial Affairs and has been carried over to Second Regular Session.

LD 968

An Act to Define and Ensure Coverage of Basic Health Services by Health Maintenance Organizations

**PUBLIC 218
EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM A OTP B ONTP C	H-200

LD 968 proposed to remove language directing the Superintendent of Insurance to consider certain specified factors in the adoption of rules defining "basic health care services." The bill also proposed to designate that such rules are major substantive rules subject to legislative review before final adoption.

Committee Amendment "A" (H-200) was the majority report of the committee and replaced the bill. The amendment proposed to specify that future rules adopted by the Bureau of Insurance to define "basic health care services" provided by health maintenance organizations are major substantive rules and subject to legislative review before final adoption.

The amendment also added an emergency preamble and emergency clause to the bill.

Enacted law summary

Public Law 2001, chapter 218 specifies that future rules adopted by the Bureau of Insurance to define "basic health care services" provided by health maintenance organizations are major substantive rules and subject to legislative review before final adoption.

Public Law 2001, chapter 218 was enacted as an emergency measure effective May 18, 2001.

LD 984

An Act to Protect Nongroup and Small Group Insureds

PUBLIC 432

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-617 H-688 O'NEIL

LD 984 proposed to amend the laws governing nongroup and small group insureds as follows.

1. It requires that insurers provide written notice of rate filing.

Joint Standing Committee on Banking and Insurance

2. It repeals the repealers on the sections of law governing special rate hearings.
3. It enacts requirements regarding rate filings on small group health plans similar to the requirements regarding rate filings on individual health insurance policies.
4. It requires that health maintenance organizations offering individual coverage provide an annual marketing plan to the Department of Administrative and Financial Services, Bureau of Insurance.

Committee Amendment "A" (H-617) replaced the bill. The amendment proposed to require that carriers provide a minimum of 60 days' notice prior to a rate filing or rate increase in individual and group health insurance and Medicare supplement policies. The amendment also would require notice of anticipated rate increases when quoting rates for new business. The amendment also would retain those sections of current law governing special rate hearings for individual health plans by repealing the repealers on those sections of law.

The amendment also added an allocation section and a fiscal note to the bill.

House Amendment "B" to Committee Amendment "A" (H-688) proposed to clarify when a notice is required and when a rate increase may be implemented. The amendment also proposed to remove Medicare supplement insurance from the requirement to provide notices of rate filings and rate increases.

House Amendment "A" to Committee Amendment "A" (H-682) proposed to clarify when a notice is required and when a rate increase is implemented. House Amendment "A" to Committee Amendment "A" was not adopted.

Enacted law summary

Public Law 2001, chapter 432 requires that carriers provide a minimum of 60 days' notice prior to a rate filing or rate increase in individual and group health insurance.

Carriers offering individual health plans are required to provide written notice by first class mail of any proposed increase or change in a proposed rating formula, classification of risks or modification of any proposed rating formula or classification of risks. Individual carriers must also provide notice to policyholders of their right to request a hearing on the proposed rate filing or rate increase as provided under the Maine Insurance Code. Carriers offering group health insurance, except for accidental injury, specified disease, hospital indemnity, disability income, Medicare supplement, long-term care or other limited benefit health insurance, are required only to provide notice of a proposed rate increase. Individual and group health insurance carriers are also required to disclose any anticipated rate increase within 90 days when quoting rates for new business.

Public Law 2001, chapter 432 also retains current law governing special rate hearings on individual health plans.

LD 1041

An Act to Provide Universal Health Insurance Coverage

ONTP

Sponsor(s)
TWOMEY

Committee Report
ONTP

Amendments Adopted

Joint Standing Committee on Banking and Insurance

LD 1041 proposed to establish a universal access health care system that offers choice of coverage through organized delivery systems or through a managed care system operated by the Maine Health Care Agency and channels all health care dollars through a dedicated trust fund.

See related bills LD 543 and LD 1277.

LD 1152	An Act to Amend the Standard Valuation Law for Life Insurance and to Restrict Limitation of Liability for Death by Suicide in Group Life Insurance Policies	PUBLIC 89
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<u>Sponsor(s)</u> DUDLEY DOUGLASS	<u>Committee Report</u> OTP	<u>Amendments Adopted</u>
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LD 1152 was submitted on behalf of the Department of Professional and Financial Regulation.

The bill proposed to amend the Standard Valuation Law for life insurance by clarifying the confidentiality provisions. It would ensure the ability of the Superintendent of Insurance to maintain the confidentiality of sensitive regulatory information, while allowing the sharing of information with other state, federal and international regulators and law enforcement officials. The bill also proposed to require group life insurance policies issued in the State to contain suicide exclusion clauses that are no more restrictive than clauses allowed under individual life insurance policies issued in the State. The provision would allow companies to exclude coverage for death by suicide occurring within 2 years from the date coverage commences or within 2 years of an increase in coverage but would prohibit an indefinite exclusion of coverage for death by suicide.

Enacted law summary

Public Law 2001, chapter 89 amends the Standard Valuation Law for life insurance by clarifying the confidentiality provisions. It ensures the ability of the Superintendent of Insurance to maintain the confidentiality of sensitive regulatory information, while allowing the sharing of information with other state, federal and international regulators and law enforcement officials.

Public Law 2001, chapter 89 also requires group life insurance policies issued in the State to contain suicide exclusion clauses that are no more restrictive than clauses allowed under individual life insurance policies issued in the State. The provision would allow companies to exclude coverage for death by suicide occurring within 2 years from the date coverage commences or within 2 years of an increase in coverage but would prohibit an indefinite exclusion of coverage for death by suicide.

Joint Standing Committee on Banking and Insurance

LD 1156

An Act to Update the Maine Consumer Credit Code Regarding Rental-purchase Agreements

PUBLIC 287

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY	OTP-AM MAJ OTP-AM MIN	H-368

LD 1156 proposed to amend the provisions of the Maine Consumer Credit Code relating to rental-purchase agreements:

1. It amends consumer disclosure provisions and clarifies the term "cash price;"
2. It limits the consumer's liability for the property to the least of the fair market value, early purchase option price, remaining rent or repair cost;
3. It lengthens the time consumers have in which to reinstate the rental-purchase agreement;
4. It requires merchants to display a point-of-rental placard for any item offered for rental-purchase; and
5. It tailors provisions of the Maine Fair Debt Collection Practices Act to rental-purchase agreements.

Committee Amendment "A" (H-368) was the majority report of the committee. It proposed to clarify the definition of "cash price" for items subject to a rental-purchase agreement. The amendment also proposed to clarify the information that must be disclosed to consumers entering into rental-purchase agreements. The amendment removed the sections of the bill that make changes to the provision governing civil actions by aggrieved consumers and made other technical changes and corrections to the bill.

The amendment also added a fiscal note to the bill.

Committee Amendment "B" (H-369) was the minority report of the committee. The amendment proposed to retain the provisions in the bill that tailor provisions of the Maine Fair Debt Collections Practices Act to rental-purchase agreements. The amendment removed all the remaining provisions in the bill. Committee Amendment "B" was not adopted.

Enacted law summary

Public Law 2001, chapter 287 amends the provisions of the Maine Consumer Credit Code relating to rental-purchase agreements.

1. It clarifies the definition of "cash price" for items subject to a rental-purchase agreement. The "cash price" for new merchandise may not exceed the amount produced by multiplying the merchant cost by an applicable factor based on the type of merchandise. The "cash price" for used items may not exceed the maximum permitted cash price of the item when new and must be adjusted based on factors such as the duration of prior rentals, the item's repair history, whether the consumer price of the general class of item has decreased or increased since the item's purchase and the condition of the item.
2. It amends the disclosures required to be made to consumers in rental-purchase agreements.

Joint Standing Committee on Banking and Insurance

3. It limits the consumer's liability for the property to the least of the fair market value, early purchase option price, remaining rent or repair costs.
4. It lengthens the time consumers have in which to reinstate the rental-purchase agreement.
5. It requires merchants to display a point-of-rental placard for any item offered for rental-purchase.
6. It tailors provisions of the Maine Fair Debt Collection Practices Act to rental-purchase agreements.

LD 1217

An Act to Create Uniform Underwriting Standards for Determining Eligibility for Certain Group Policies

PUBLIC 400

Sponsor(s)
GOLDTHWAIT
BERRY R

Committee Report
OTP-AM

Amendments Adopted
S-270

LD 1217 proposed to establish criteria for determining when an employer qualifies as an eligible group for 2-person group coverage.

Committee Amendment "A" (S-270) replaced the bill and proposed to establish criteria for determining when an employer qualifies as an eligible group for 2-person group coverage. The amendment would clarify that the criteria apply to those employers applying for 2-person group coverage on or after October 1, 2001.

Enacted law summary

Public Law 2001, chapter 400 establishes criteria for determining when an employer qualifies as an eligible group for 2-person group health insurance coverage. The eligibility criteria apply to those employers applying for 2-person group coverage on or after October 1, 2001.

LD 1277

An Act to Establish a Single-payor Health Care System

**DIED ON
ADJOURNMENT**

Sponsor(s)
VOLENIK
RAND

Committee Report
OTP-AM MAJ
ONTP MIN

Amendments Adopted
H-514
H-680 VOLENIK

LD 1277 proposed to establish the Maine Single-payor Health Care Plan. It would establish the Agency of Health Security as an independent agency to administer the plan. Under the plan, enrollees would choose their own health care providers and the plan would pay their bills. Coverage under the plan would be supplemental to other coverage. The bill would require a report from the Health Security Board to the joint standing committee of the Legislature having jurisdiction over human resources matters on the options for coordination of the plan with other health care plans and for the plan to take over coverage of some persons covered by those health care plans. The

Joint Standing Committee on Banking and Insurance

bill also would require an annual report from the board to the Governor and the Legislature on the operation and activities of the plan.

Committee Amendment "A" (H-514) was the majority report of the committee. The amendment proposed to clarify the definition of resident" for the purposes of establishing eligibility for coverage under the Maine Single-payor Health Care Plan. It also clarified the duties of the Health Security Board. The amendment specified that the Commissioner of Human Services or the commissioner's designee is a member of the Health Security Board and added 6 additional members to the Health Security Board, including 2 Legislators, a member representing mental health consumers, a member representing persons with disabilities, a physician and a public member. It directed the Department of Human Services to apply for a waiver from the Federal Government to operate the Medicaid program in coordination with the Maine Single-payor Health Care Plan.

The amendment also added an appropriation section and a fiscal note to the bill.

House Amendment "C" to Committee Amendment "A" (H-680) proposed to delay the effective date of the Maine Single-payor Health Care Plan until January 1, 2003 and establish in the interim a board composed of the same members as the Health Security Board to conduct a feasibility study of economic impacts of the plan on individuals and businesses of payment options and to develop proposals for implementation of the Maine Single-payor Health Care Plan. The amendment would authorize the board to introduce legislation to the Second Regular Session of the 120th Legislature, allowing the Legislature to make modifications to the plan prior to the plan's effective date of January 1, 2003.

House Amendment "A" to Committee Amendment "A" (H-542) proposed to establish a gross receipts tax and a compensating use tax for the privilege of engaging in the sale or use of property and services in the State to fund the Maine Single-payor Health Care Plan. The tax would begin July 1, 2002 at 1% of gross receipts on the value of the property or service sold or used and increase 1% each year until it reaches 6%. The amendment directed the Health Security Board to implement the Maine Single-payor Health Care Plan incrementally, within available resources and fully implemented the plan no later than July 1, 2007. House Amendment "A" to Committee Amendment "A" was not adopted.

House Amendment "B" to Committee Amendment "A" (H-564) proposed to limit coverage under the Maine single-payor health plan to catastrophic health care coverage for medically necessary services after an enrollee has paid a \$10,000 deductible. House Amendment "B" to Committee Amendment "A" was not adopted.

Senate Amendment "A" to Committee Amendment "A" (S-296) proposed to prioritize the duties of the Health Security Board. The amendment would require the board to first determine the percent of health care benefits that are paid from automobile insurance, general liability insurance and workers' compensation insurance; assess what savings are associated with a simplified billing system; assess what savings schools and correctional facilities would recognize with a single-payor system based on their current expenses for occupational therapy, physical therapy and speech therapy; and assess what savings are associated with a single-payor system by comparing hospitals of similar size in Maine and other states. Senate Amendment "A" to Committee Amendment "A" was not adopted.

LD 1277 was placed on the Special Appropriations Table in the Senate and died on adjournment. However, the substantive provisions of House Amendment "C" requiring a study of the feasibility and implementation of a single-payor health care system were enacted in the Part II budget, Public Law 2001, chapter 439, Part ZZZ.

Joint Standing Committee on Banking and Insurance

LD 1284

An Act Related to the Financial Regulation of Health Maintenance Organizations

PUBLIC 88

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL	OTP	

LD 1284 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1284 proposed to make the following changes to the laws concerning the financial regulation of health maintenance organizations.

1. It clarifies that health maintenance organizations, or HMOs, are subject to the same provisions as authorized insurers regarding the voluntary termination of certificate of authority. The requirements of the Maine Revised Statutes, Title 24-A, section 415-A are made expressly applicable to HMOs with respect to a voluntary partial or total withdrawal from the market. The Superintendent of Insurance is permitted to require a withdrawing HMO to maintain its deposit after the HMO has withdrawn. Currently, it is unclear what processes and requirements would be applicable to an HMO that wishes to voluntarily surrender, or seek modification of, its certificate of authority. The requirements of section 415-A provide guidance as to what is required for these actions and clarify that any such proposal must be carried out pursuant to a plan approved by the superintendent.
2. It prohibits any provider who has rendered a covered service for an enrollee or subscriber of an insolvent HMO from billing the enrollees or subscribers for these services after a petition for liquidation has been filed. In this circumstance, the providers have to seek payment from the HMO or the receiver of the HMO. Claims for covered services incurred between the time a petition for liquidation is filed and the time coverage terminates may be paid by the receiver as costs of administration in a liquidation. It also clarifies that other provider claims for covered services fall within the same priority class as policyholder claims. In addition, if a receiver is unable to prorate a premium when coverage ceases under a liquidation, the receiver must return such an unearned premium to members or subscribers as a cost of administration.
3. It clarifies the appropriate calculation when determining the amount of required minimum surplus as a percentage of health care expenditures and the interrelationship of Title 24-A, chapter 79 and section 4204-A.
4. It clarifies that dividends payable by HMOs, for example, to a parent organization, are subject to the same standards and approval requirements as dividends paid by insurance companies.
5. It makes the receivership laws apply to all authorized HMOs, foreign and domestic.
6. It makes the requirements of the laws concerning bulk insurance and voluntary dissolution expressly applicable to HMOs.
7. It provides that in the continuation of coverage provisions after an HMO insolvency, the superintendent is permitted to take into account increased health care costs in considering replacement rates for multiple-year contracts. The superintendent is also permitted to equitably allocate groups of a withdrawing HMO to other HMOs operating in at least a portion of the same service area.

Joint Standing Committee on Banking and Insurance

Enacted law summary

Public Law 2001, chapter 88 makes several changes to the laws concerning the financial regulation of health maintenance organizations. The law does the following.

1. It clarifies that health maintenance organizations, or HMOs, are subject to the same provisions as authorized insurers regarding the voluntary termination of certificate of authority. The requirements of the Maine Revised Statutes, Title 24-A, section 415-A are made expressly applicable to HMOs with respect to a voluntary partial or total withdrawal from the market. The Superintendent of Insurance is permitted to require a withdrawing HMO to maintain its deposit after the HMO has withdrawn. Currently, it is unclear what processes and requirements would be applicable to an HMO that wishes to voluntarily surrender, or seek modification of, its certificate of authority. The requirements of section 415-A provide guidance as to what is required for these actions and clarify that any such proposal must be carried out pursuant to a plan approved by the superintendent.
2. It prohibits any provider who has rendered a covered service for an enrollee or subscriber of an insolvent HMO from billing the enrollees or subscribers for these services after a petition for liquidation has been filed. In this circumstance, the providers have to seek payment from the HMO or the receiver of the HMO. Claims for covered services incurred between the time a petition for liquidation is filed and the time coverage terminates may be paid by the receiver as costs of administration in a liquidation. It also clarifies that other provider claims for covered services fall within the same priority class as policyholder claims. In addition, if a receiver is unable to prorate a premium when coverage ceases under a liquidation, the receiver must return such an unearned premium to members or subscribers as a cost of administration.
3. It clarifies the appropriate calculation when determining the amount of required minimum surplus as a percentage of health care expenditures and the interrelationship of Title 24-A, chapter 79 and section 4204-A.
4. It clarifies that dividends payable by HMOs, for example, to a parent organization, are subject to the same standards and approval requirements as dividends paid by insurance companies.
5. It makes the receivership laws apply to all authorized HMOs, foreign and domestic.
6. It makes the requirements of the laws concerning bulk insurance and voluntary dissolution expressly applicable to HMOs.
7. It provides that in the continuation of coverage provisions after an HMO insolvency, the superintendent is permitted to take into account increased health care costs in considering replacement rates for multiple-year contracts. The superintendent is also permitted to equitably allocate groups of a withdrawing HMO to other HMOs operating in at least a portion of the same service area.

LD 1400

An Act to Provide Health Insurance to Uninsured Maine Residents

ONTP

Sponsor(s)
PERKINS
KILKELLY

Committee Report
ONTP

Amendments Adopted

Joint Standing Committee on Banking and Insurance

LD 1400 proposed to establish a health coverage purchasing pool to make health coverage available through the power of a group purchase to residents of the State who are unable to obtain or to afford coverage. The bill would have required covered persons to pay premiums to cover the costs of their coverage and any administrative costs. The bill proposed to require the Commissioner of Human Services to select the health coverage plan to be offered through the purchasing pool and require the Commissioner to provide any necessary administrative services. The bill would have required that at least one health plan offered by the purchasing pool have an annual deductible of \$10,000. The purchasing pool is exempt from the prohibition on forming a group for the sole purpose of purchasing insurance provided in the Maine Revised Statutes, Title 24-A, section 2808. The bill also proposed to require that any initial funding required for the establishment of the purchasing pool be allocated from the Fund for a Healthy Maine.

LD 1402

**An Act to Clarify and Update the Security Requirements for
Employers Self-insured for Workers' Compensation Liabilities**

PUBLIC 224

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MATTHEWS EDMONDS	OTP-AM	H-246

LD 1402 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1402 proposed to change the security and assessment provisions for self-insured employers in order to address financial risks currently borne by injured workers and self-insured employers as a result of the current structure of the Maine Self-Insurance Guarantee Association assessment mechanism.

It proposed to change the basis for calculating the minimum security requirements to an actuarially determined liability in place of the case reserves that are used under current law and limit the unsecured liability that may be authorized under the working capital offset to \$10,000,000, a level equal to 5 times the Maine Self-Insurance Guarantee Association funding cap. The bill also proposed to authorize the Maine Self-Insurance Guarantee Association to levy assessments in excess of the otherwise-applicable limits when necessary to avoid a default in benefit payments to injured workers.

Committee Amendment "A" (H-246) proposed to clarify the cap on assessments that may be made by the Maine Self Insurance Guarantee Association upon individual and group self-insurers for workers' compensation.

Joint Standing Committee on Banking and Insurance

Enacted law summary

Public Law 2001, chapter 224 changes the security and assessment provisions for self-insured employers in order to address financial risks currently borne by injured workers and self-insured employers as a result of the current structure of the Maine Self-Insurance Guarantee Association assessment mechanism.

The law changes the basis for calculating the minimum security requirements to an actuarially determined liability in place of the case reserves that are used under current law and limits the unsecured liability that may be authorized under the working capital offset to \$10,000,000, a level equal to 5 times the Maine Self-Insurance Guarantee Association funding cap. The law also authorizes the Maine Self-Insurance Guarantee Association to levy assessments in excess of the otherwise-applicable limits when necessary to avoid a default in benefit payments to injured workers.

LD 1420

An Act to Require Employers to Offer Benefits to Cohabitants of Employees

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MENDROS	ONTP MAJ OTP-AM MIN	

LD 1420 proposed to require that if an employer extends employee benefits to someone other than the employee or spouse or dependent of the employee then an employer must offer all employees employee benefits for the benefit of an individual with whom the employee cohabitates, regardless of the gender of the individual or the relationship between the employee and the individual.

Committee Amendment "A" (H-594) was the minority report of the committee and replaced the bill. The amendment proposed to require that health insurers make available benefits to group policyholders' coverage for cohabitants of employees covered under group health insurance plans to the same extent and under the same terms and conditions as benefits are provided to spouses or dependents of employees. The amendment would require the coverage to be offered for cohabitants regardless of gender or the relationship between the employee and the employee's cohabitant and limit coverage to one cohabitant. The amendment would not require that employers purchase coverage, but if an employer chooses this coverage, then the coverage must be offered to all employees eligible for coverage under the group policy. The amendment does not affect the decision of an employer to offer family coverage to employees.

The amendment also added a fiscal note to the bill. Committee Amendment "A" was not adopted.

Joint Standing Committee on Banking and Insurance

LD 1490

Resolve, to Establish the Commission to Develop and Finance Health Care Coverage for All Maine People

DIED BETWEEN BODIES

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM MAJ ONTP MIN	

LD 1490 proposed to establish the Commission to Develop and Finance Health Care Coverage for All Maine People.

Committee Amendment "A" (H-329) was the majority report of the committee. The amendment proposed to add 2 members to the commission: a member representing health maintenance organizations and health plans and a member representing small employers with fewer than 50 employees. The amendment would delete the reference to rural health centers and replace it with the correct reference to community health centers. The amendment also proposed to clarify that the duties of the commission include addressing ways to alleviate the burden of increasing costs on employers, particularly small employers. The amendment also added an appropriation section and a fiscal note to the bill.

LD 1490 died between the bodies in non-concurrence; the House moved for a committee of conference and the Senate indefinitely postponed the bill. However, a study of options for developing and financing universal access to health care, including a single payor system, was authorized in the Part II budget, Public Law 2001, chapter 439, Part ZZZ.

LD 1503

Resolve, Creating the Commission to Study Health Insurance Costs for Small Businesses

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROMLEY O'NEIL	ONTP	

LD 1503 proposed to create the Commission to Study Health Insurance Costs for Small Businesses.

LD 1554

An Act to Allow Health Insurance Premiums to be Eligible for Medical Savings Accounts

CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN		

LD 1554 proposed to allow residents of the State to establish medical savings accounts for payment of eligible medical expenses, including the payment of health insurance premiums, coinsurance, copayments and

Joint Standing Committee on Banking and Insurance

deductibles. Contributions to, interest earned on and qualified withdrawals from medical savings accounts would be exempt from Maine state income tax.

LD 1554 has been carried over to the Second Regular Session.

LD 1572 An Act to Provide Insurance Parity for Mental Health Services ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
KANE PENDLETON	ONTP	

LD 1572 proposed to require all insurance sold in the State to cover certain biologically based mental illnesses under the same terms and conditions as physical illnesses. The bill also proposed to add to the list of mental illnesses defined as biologically based by including eating disorders, substance abuse disorders, tic disorders, and attention and disruptive disorders.

See related bill LD 1627.

LD 1621 An Act to Require that a Corporation Meet the Same Requirements as an Individual for Proof of Insurance ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY	ONTP	

LD 1621 proposed to impose the same requirements for proof of financial responsibility relating to the ownership or operation of a motor vehicle by an individual on a corporation. The bill also proposed to require that when vehicles owned by corporations are involved in accidents corporations must settle with the owner, operator or passenger of any other vehicle involved in the accident within 60 days of the accident if the fault of the operator of the corporation's vehicle is not disputed. If the corporation believes the operator of its vehicle is not at fault in the accident, the corporation must demonstrate to the Secretary of State that the operator was not at fault within 30 days of the accident.

LD 1627 An Act to Ensure Equality in Mental Health Coverage CARRIED OVER

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY DOUGLASS		

LD 1627 proposed to establish parity coverage for mental illness and substance abuse under the same terms and conditions as coverage for physical illness in all health insurance policies and health benefit plans. It would expand the coverage of illness to include children's disorders and adult disorders as defined in the Diagnostic and Statistical

Joint Standing Committee on Banking and Insurance

Manual of Mental Disorders, as periodically revised, and make current statutory definitions consistent. The bill also would include licensed clinical professional counselors in the definition of providers eligible to diagnose and treat mental illness.

As required by Title 24-A Maine Revised Statutes Section 2752, the Joint Standing Committee on Banking and Insurance has requested that a review and evaluation of the proposed mandated health insurance benefit for mental illness included in the bill be completed by the Bureau of Insurance over the interim. LD 1627 has been carried over to the Second Regular Session.

LD 1630 **An Act to Permit the Issuance of Certain Types of Consumer Credit Insurance** PUBLIC 138

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS SULLIVAN	OTP-AM	S-89

LD 1630 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1630 proposed to amend the Maine Revised Statutes, Title 24-A, chapter 37 to permit the issuance of additional types of consumer credit insurance. Currently, chapter 37 only permits the issuance of credit life and credit accident and health insurance. This bill would extend the provisions of this chapter to expressly permit the issuance of and clarify the regulation of credit involuntary unemployment insurance and credit property insurance. It also added a new chapter 40-A to Title 24-A that expressly permits the issuance of the following types of property and casualty insurance on a group basis: credit involuntary unemployment insurance, credit property insurance and other types of insurance authorized to be issued on a group basis under rules adopted by the Superintendent of Insurance. Currently, it is unclear whether these types of insurance may be issued on a group basis. This bill would expressly permit the issuance of these products and provide regulatory protections for this insurance. LD 1630 proposed to authorize the superintendent to adopt rules regarding consumer credit insurance including the creation of rating standards and to adopt rules to establish specific requirements for group property and casualty insurance policies and rates. The latter rules may also specify additional types of insurance that may be issued on a group basis.

Committee Amendment "A" (S-89) proposed to exempt casualty insurance and debt cancellation agreements from the application of chapter 37 of the Maine Insurance Code. The amendment also removed the reference to approval of rates consistent with current law.

The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 138 amends the Maine Revised Statutes, Title 24-A, chapter 37 to permit the issuance of additional types of consumer credit insurance. Currently, chapter 37 only permits the issuance of credit life and credit accident and health insurance. The law extends the provisions of this chapter to expressly permit the issuance of and clarify the regulation of credit involuntary unemployment insurance and credit property insurance. The law exempts debt cancellation agreements and casualty insurance from the application of chapter 37 of the Maine Insurance Code.

Joint Standing Committee on Banking and Insurance

Public Law 2001, chapter 138 also adds a new chapter 40-A to Title 24-A that expressly permits the issuance of the following types of property and casualty insurance on a group basis: credit involuntary unemployment insurance, credit property insurance and other types of insurance authorized to be issued on a group basis under rules adopted by the Superintendent of Insurance. Currently, it is unclear whether these types of insurance may be issued on a group basis. This law expressly permits the issuance of these products and provides regulatory protections for this insurance. It authorizes the superintendent to adopt rules regarding consumer credit insurance including the creation of rating standards. It also authorizes the superintendent to adopt rules to establish specific requirements for group property and casualty insurance policies and rates. The latter rules may also specify additional types of insurance that may be issued on a group basis.

LD 1637

An Act to Amend the Revised Maine Securities Act

PUBLIC 183

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON SULLIVAN	OTP-AM	S-88

LD 1637 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1637 proposed to amend the Revised Maine Securities Act in several respects.

1. Part A of the bill defines "investment adviser representative" and requires investment adviser representatives to be licensed in the same manner as investment advisers. The licensing of investment adviser representatives allows the State to participate in a national investment adviser representative database to track and regulate these individuals for the protection of the public.
2. Part B of the bill clarifies certain ambiguous language in the Revised Maine Securities Act. Part B updates a current securities exemption for companies where information about the company is publicly available through a nationally recognized securities manual. The exemption language proposed is model language recommended by the North American Securities Administrators Association. Part B updates the securities exemptions for certain domestic issuers so that they apply to limited partnerships and limited liability companies organized under the laws of this State or any issuer determined by the securities administrator to have its principal place of business in the State.

Committee Amendment "A" (S-88) proposed to clarify that annual fees from license renewals of investment adviser representatives are dedicated revenue to support the activities of the Securities Administrator. The amendment also added an allocation section and a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 183 amends the Revised Maine Securities Act in several respects.

Part A of the law defines "investment adviser representative" and requires investment adviser representatives to be licensed in the same manner as investment advisers. The licensing of investment adviser representatives allows the State to participate in a national investment adviser representative database to track and regulate these individuals for the protection of the public. Annual fees from license renewals of investment adviser representatives are dedicated revenue to support the activities of the Securities Administrator.

Joint Standing Committee on Banking and Insurance

Part B of the law clarifies certain ambiguous language in the Revised Maine Securities Act. Part B updates a current securities exemption for companies where information about the company is publicly available through a nationally recognized securities manual. The exemption language proposed is model language recommended by the North American Securities Administrators Association. Part B updates the securities exemptions for certain domestic issuers so that they apply to limited partnerships and limited liability companies organized under the laws of this State or any issuer determined by the securities administrator to have its principal place of business in the State.

LD 1638

An Act to Reform Health Care in the State

ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS	ONTP	

LD 1638 proposed to do the following.

1. In Part A, the bill authorizes health insurance carriers to vary premium rates up to 10% above or below the community rate filed by a carrier based on age and eliminates the ability of carriers to vary the premium rate based on smoking status, geographic area or occupation and industry for individual and small group health plans. The bill also authorizes a carrier to vary the premium rate up to 30% above or below the community rate based on the ability of an individual to maintain a healthy lifestyle. The bill identifies the factors that may be considered by a carrier in determining whether an individual maintains a healthy lifestyle as smoking status, obesity, alcohol or substance abuse and the management of chronic conditions such as diabetes and high blood pressure.
2. In Part B, the bill directs the Department of Human Services to apply for a waiver from the federal Department of Health and Human Services, Health Care Financing Administration to allow comprehensive coverage under Medicaid for residents of the State with an income up to 100% of the official federal nonfarm poverty line.
3. In Part C, the bill establishes a tax credit for employers that provide health benefits to their employees and their dependents. The bill allows a credit of 10% of the amount paid for health benefits in excess of \$1,000 for each qualifying employee under a health benefit plan for the taxable year. The bill defines a "qualifying employee" as one whose hourly wage is below 1/50th of the State's average annual weekly wage.
4. In Part D, the bill establishes the Standard Small Group Health Plan Commission and directs the commission to define by rule a minimum standard small group health plan. The bill requires that the plan's premium not exceed 10% of the State's average annual wage.
5. In Part E, the bill bans smoking and other tobacco use by students, school employees and the public in school buildings and on school grounds.

Joint Standing Committee on Banking and Insurance

LD 1640

**An Act to Conform the State's Financial Services Privacy Laws
with Federal Law**

PUBLIC 262

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN	OTP-AM MAJ	S-236
O'NEIL	OTP-AM MIN	

LD 1640 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1640 amends the laws governing the various providers of financial services regulated by the Department of Professional and Financial Regulation to ensure that the laws governing the privacy of personal information furnished to those individuals or entities are consistent with the provisions of the federal Gramm-Leach-Bliley Act and the implementing regulations adopted by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Federal Trade Commission and the Securities and Exchange Commission. The bill further provides that if an entity is required under federal law to comply with the Gramm-Leach-Bliley Act and the implementing federal regulations and it fails to do so, that failure to comply is also a violation of state law, which the agencies within the Department of Professional and Financial Regulation may enforce.

Part A amends the Maine Consumer Credit Code to require creditors other than financial institutions or credit unions to comply with the privacy provisions of the federal Gramm-Leach-Bliley Act and the implementing regulations adopted by the Federal Trade Commission. Failure to do so is a violation of the Maine Consumer Credit Code.

Part B amends the banking laws of the State to permit the sharing of information by financial institutions and credit unions authorized to do business in this State to the same extent permitted under the federal Gramm-Leach-Bliley Act. It also clarifies the law with respect to sharing consumer or commercial financial records between financial institutions, and with their subsidiaries and affiliates, as is the existing practice within the industry. It further provides that the failure to comply with the privacy provisions of the federal Gramm-Leach-Bliley Act and the applicable implementing federal regulations adopted by the federal banking regulators constitutes an anti-competitive or unfair practice. Part B also increases the penalties for intentional and knowing violations of the confidentiality provisions of Chapter 16 of the banking laws of the State and imposes liability upon the institution itself for such violations.

Part C amends the Maine Insurance Code to parallel the model privacy law adopted by the National Association of Insurance Commissioners and to authorize the Superintendent of Insurance to adopt rules governing the privacy of consumer information as is required by the federal Gramm-Leach-Bliley Act and provides that such rules are routine technical rules.

Part D amends the Revised Maine Securities Act to provide that the failure of a licensed broker-dealer, sales representative or investment adviser to comply with the privacy provisions of the federal Gramm-Leach-Bliley Act and the implementing regulations adopted by the United States Securities and Exchange Commission constitutes grounds for disciplinary action including license suspension or revocation.

Part E amends the statutes governing various other types of financial service providers such as check cashers and foreign currency exchangers, collection agencies and repossession companies, operators of cash dispensing machines, pawnbrokers and mortgage settlement agents to require these businesses to comply with the privacy

Joint Standing Committee on Banking and Insurance

requirements of the federal Gramm-Leach-Bliley Act when they meet the definition of "financial institution" under the regulations promulgated by the Federal Trade Commission.

Committee Amendment "B" (S-236) was the minority report of the committee. The amendment differed from Committee Amendment "A" because it retained the opt out provisions of the federal Gramm-Leach-Bliley Act. The amendment also proposed to do the following.

1. It uses consistent terms and cross-references to the various privacy regulations adopted by federal regulators and clarifies that such regulations are applicable under state law only to the extent applicable under federal law.
2. It clarifies that the privacy regulations are not intended to permit the release of health care information except as permitted under current state law.
3. It requires the Department of Professional and Financial Regulation to submit a report to the Joint Standing Committee on Banking and Insurance by January 15, 2002 on the status of privacy legislation and rules in other states in response to the federal Gramm-Leach-Bliley Act.
4. It removes the emergency preamble and emergency clause.
5. It also adds a fiscal note to the bill.

Committee Amendment "A" (S-235) was the majority report of the committee. The amendment proposed to do the following.

1. It puts in place an opt-in requirement for the disclosure of nonpublic personal information to nonaffiliated 3rd parties under state law instead of the opt-out provision required under the federal Gramm-Leach-Bliley Act.
2. It uses consistent terms and cross-references to the various privacy regulations adopted by federal regulators and clarifies that those regulations are applicable under state law only to the extent applicable under federal law.
3. It clarifies that the privacy regulations are not intended to permit the release of health care information except as permitted under current state law.
4. It requires the Department of Professional and Financial Regulation to submit a report to the Joint Standing Committee on Banking and Insurance by January 15, 2002 on the status of privacy legislation and rules in other states in response to the federal Gramm-Leach-Bliley Act.
5. It also adds a fiscal note to the bill.

Committee Amendment "A" was not adopted.

Enacted law summary

Public Law 2001, chapter 262 amends the laws governing the various providers of financial services regulated by the Department of Professional and Financial Regulation to ensure that the laws governing the privacy of personal information furnished to those individuals or entities are consistent with the provisions of the federal Gramm-Leach-Bliley Act and the implementing regulations adopted by the Office of the Comptroller of the Currency, the

Joint Standing Committee on Banking and Insurance

Office of Thrift Supervision, the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Federal Trade Commission and the Securities and Exchange Commission. The law further provides that if an entity is required under federal law to comply with the Gramm-Leach-Bliley Act and the implementing federal regulations and it fails to do so, that failure to comply is also a violation of state law, which the agencies within the Department of Professional and Financial Regulation may enforce.

Under Public Law 2001, chapter 262, providers of financial services regulated by the Department of Professional and Financial Regulation and required to comply with the federal Gramm-Leach-Bliley Act and the provisions of chapter 262 are governed by an "opt-out" standard for the disclosure of nonpublic personal information to non-affiliated third parties. Nonpublic personal information may be shared with non-affiliated third parties to the extent permitted by law unless the consumer affirmatively opts out. The law is not intended to permit the release of health care information except as allowed under current state law.

Part A amends the Maine Consumer Credit Code to require creditors other than financial institutions or credit unions to comply with the privacy provisions of the federal Gramm-Leach-Bliley Act and the implementing regulations adopted by the Federal Trade Commission. Failure to do so is a violation of the Maine Consumer Credit Code.

Part B amends the banking laws of the State to permit the sharing of information by financial institutions and credit unions authorized to do business in this State to the same extent permitted under the federal Gramm-Leach-Bliley Act. It also clarifies the law with respect to sharing consumer or commercial financial records between financial institutions, and with their subsidiaries and affiliates, as is the existing practice within the industry. It further provides that the failure to comply with the privacy provisions of the federal Gramm-Leach-Bliley Act and the applicable implementing federal regulations adopted by the federal banking regulators constitutes an anti-competitive or unfair practice. Part B also increases the penalties for intentional and knowing violations of the confidentiality provisions of Chapter 16 of the banking laws of the State and imposes liability upon the institution itself for such violations.

Part C amends the Maine Insurance Code to parallel the model privacy law adopted by the National Association of Insurance Commissioners and to authorize the Superintendent of Insurance to adopt rules governing the privacy of consumer information as is required by the federal Gramm-Leach-Bliley Act and provides that such rules are routine technical rules.

Part D amends the Revised Maine Securities Act to provide that the failure of a licensed broker-dealer, sales representative or investment adviser to comply with the privacy provisions of the federal Gramm-Leach-Bliley Act and the implementing regulations adopted by the United States Securities and Exchange Commission constitutes grounds for disciplinary action including license suspension or revocation.

Part E amends the statutes governing various other types of financial service providers such as check cashers and foreign currency exchangers, collection agencies and repossession companies, operators of cash dispensing machines, pawnbrokers and mortgage settlement agents to require these businesses to comply with the privacy requirements of the federal Gramm-Leach-Bliley Act when they meet the definition of "financial institution" under the regulations promulgated by the Federal Trade Commission.

Joint Standing Committee on Banking and Insurance

Part F requires the Department of Professional and Financial Regulation to submit a report to the Joint Standing Committee on Banking and Insurance by January 15, 2002 on the status of privacy legislation and rules in other states in response to the federal Gramm-Leach-Bliley Act.

LD 1652 **An Act to Promote Healthy Lifestyles and to Reallocate the Cost of Health Care Insurance** ONTP

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TURNER	ONTP	

LD 1652 proposed to make the following changes relating to the rating practices of health carriers offering individual and small group health plans.

1. It eliminates the requirement that health insurers may vary the rates for individual and small group health plans only within certain rating bands based on age, smoking status, occupation or industry and geographic area.
2. It removes the prohibition on varying premium rates due to the health status of individuals or small group members and allows the rates to vary depending on the ability of the individual or small group members to maintain a healthy lifestyle. The highest rates that may be charged for individuals or small group members with poor health status is limited to 150% of the lowest rate.
3. It allows carriers to vary premium rates based on the smoking status of the individual or small group members.

LD 1703 **An Act to Ensure Access to Health Insurance** PUBLIC 347

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUDLEY	OTP-AM MAJ	H-370
ABROMSON	ONTP MIN	

LD 1703 proposed to require health carriers to offer policies providing coverage for domestic partners of health plan members under the same terms and conditions as coverage for spouses of health plan members. A domestic partner is defined as a person who is legally domiciled in the health plan member's household and who is not legally married to another individual.

Committee Amendment "A" (H-370) was the majority report of the committee and replaced the bill. It proposed to require health carriers to offer policies providing coverage for domestic partners of health plan members under the same terms and conditions as coverage for spouses of health plan members. It clarified that the offer of domestic partner benefits is made to the group policyholder, not to each member covered under a group policy.

Domestic partners are defined as persons who are legally domiciled with one another for at least 12 months, not legally married to or legally separated from another individual, mentally competent and are each other's sole domestic partner and intend to remain so. The amendment proposed to clarify that carriers may require domestic

Joint Standing Committee on Banking and Insurance

partners to sign an affidavit attesting that the definition of a domestic partner is met and that, after terminating a domestic partnership, a health plan member may not enroll another domestic partner for at least 12 months.

The amendment also proposed to allow carriers to provide domestic partner benefits to policyholders that do not comply with the requirements of the bill. The provisions would apply to all policies and contracts issued or renewed on or after January 1, 2002.

Enacted law summary

Public Law 2001, chapter 347 requires health carriers to offer policies providing coverage for domestic partners of health plan members under the same terms and conditions as coverage for spouses of health plan members. Carriers are required to make the offer of coverage to the individual or group policyholder, not to each member covered under a group policy. Under the law, the cost of providing the domestic partner benefits must be paid by the policyholder or member covered under the policy.

Further, the law allows carriers to negotiate policies providing domestic partner benefits that do not comply with the requirements of chapter 347 if the policyholder rejects the offer of coverage in accordance with chapter 347.

Public Law 2001, chapter 347 defines domestic partners as persons who have been legally domiciled with one another for at least 12 months, who are not legally married to or legally separated from another individual, who are mentally competent and who are each other's sole domestic partner and intend to remain so. The law allows carriers to require domestic partners to sign an affidavit attesting that the definition of domestic partner has been met as a condition providing the benefit. The law prohibits a health plan member from enrolling another domestic partner until at least 12 months after terminating a prior domestic partner relationship.

Public Law 2001, chapter 347 requires that carriers make the offer of coverage for domestic partner benefits in all individual and group policies issued or renewed on or after January 1, 2002.

LD 1729

An Act to Amend the Maine Banking Code

PUBLIC 211

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN	OTP-AM	H-247

LD 1729 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1729 proposed to make several technical changes to the Banking Code.

1. It amends the confidential financial records law to specifically permit a financial institution to respond to a request from the Department of Labor.
2. It amends the current formula for assessments paid by nondepository trust companies, establishing a base rate that is consistent with assessments paid by depository institutions and the ability for the superintendent to change the rate or further define fiduciary assets under management through rulemaking.

Joint Standing Committee on Banking and Insurance

3. It establishes an assessment to be paid by an uninsured bank or merchant bank to be consistent with the assessment paid by other state-chartered depository or nondepository institutions.
4. It removes the requirement that original signatures attesting to the condition and income reports be filed with the Department of Professional and Financial Regulation, Bureau of Banking.
5. It clarifies state law with respect to filing notice for use of restrictive terms such as "savings bank" or "trust and banking company."
6. It enacts a provision to recognize that financial institutions and credit unions now utilize the Internet to deliver products and services.
7. It repeals a provision that requires a financial institution to have a branch in the State in order to operate a satellite facility or an automated teller machine.
8. It corrects a reference to the abandoned property law.
9. It changes the notice requirement necessary for a financial institution to engage in a closely related activity or to have a subsidiary engage in a closely related activity from not later than 10 business days after consummating the transaction to at least 30 days prior to consummating the transaction. The bill also gives the Superintendent of the Bureau of Banking the flexibility to require a full application in certain unique circumstances.
10. It clarifies banking law with respect to "unauthorized business."
11. It realigns law relating to credit union field of membership to include nonnatural persons in a field of membership. Current law utilizes the term "limited members" in lieu of the term "nonnatural persons," which is used in the Federal Credit Union Act and implementing regulations. Also current state law places restrictions and limitations for limited members that are not imposed under federal law. This bill establishes parity in this area.
12. It provides parity between state and federally chartered credit unions by clarifying state law as follows. It permits state chartered credit unions to accept deposits and shares of other federally insured credit unions. It alters the process and timing for verification of accounts. It removes outdated limitations on the sale of credit union assets.
13. It clarifies credit union merger and acquisition statutes to more closely parallel federal credit union law.
14. It clarifies the definition of "control" under bank holding company laws.
15. It makes technical changes to the application requirements for a financial institution holding company to engage in closely related activities.
16. It treats companies that own uninsured banks in the same fashion as companies that own merchant banks and nondepository trust companies with respect to the application of the Maine bank holding company laws.

Joint Standing Committee on Banking and Insurance

Committee Amendment "A" (H-247) proposed to do the following:

1. It clarifies the application of the statutory definition of nonnatural person as it relates to credit union field of membership.
2. It clarifies the Department of Professional and Financial Regulation, Bureau of Banking's examination authority with respect to bank or credit union affiliates and service corporations.
3. It adds a cross-reference to the Uniform Commercial Code.
4. It adds a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 211 makes several technical changes to the Banking Code.

1. It amends the confidential financial records law to specifically permit a financial institution to respond to a request from the Department of Labor.
2. It amends the current formula for assessments paid by nondepository trust companies, establishing a base rate that is consistent with assessments paid by depository institutions and the ability for the superintendent to change the rate or further define fiduciary assets under management through rulemaking.
3. It establishes an assessment to be paid by an uninsured bank or merchant bank to be consistent with the assessment paid by other state-chartered depository or nondepository institutions.
4. It removes the requirement that original signatures attesting to the condition and income reports be filed with the Department of Professional and Financial Regulation, Bureau of Banking.
5. It clarifies state law with respect to filing notice for use of restrictive terms such as "savings bank" or "trust and banking company."
6. It enacts a provision to recognize that financial institutions and credit unions now utilize the Internet to deliver products and services.
7. It repeals a provision that requires a financial institution to have a branch in the State in order to operate a satellite facility or an automated teller machine.
8. It corrects a reference to the abandoned property law.
9. It changes the notice requirement necessary for a financial institution to engage in a closely related activity or to have a subsidiary engage in a closely related activity from not later than 10 business days after consummating the transaction to at least 30 days prior to consummating the transaction. The law also gives the Superintendent of the Bureau of Banking the flexibility to require a full application in certain unique circumstances.
10. It clarifies banking law with respect to "unauthorized business."

Joint Standing Committee on Banking and Insurance

11. It realigns law relating to credit union field of membership to include nonnatural persons in a field of membership. Current law utilizes the term "limited members" in lieu of the term "nonnatural persons," which is used in the Federal Credit Union Act and implementing regulations. Also current state law places restrictions and limitations for limited members that are not imposed under federal law. The law establishes parity in this area.
12. It provides parity between state and federally chartered credit unions by clarifying state law as follows. It permits state chartered credit unions to accept deposits and shares of other federally insured credit unions. It alters the process and timing for verification of accounts. It removes outdated limitations on the sale of credit union assets.
13. It clarifies credit union merger and acquisition statutes to more closely parallel federal credit union law.
14. It clarifies the definition of "control" under bank holding company laws.
15. It makes technical changes to the application requirements for a financial institution holding company to engage in closely related activities.
16. It treats companies that own uninsured banks in the same fashion as companies that own merchant banks and nondepository trust companies with respect to the application of the Maine bank holding company laws.
17. It clarifies the Department of Professional and Financial Regulation, Bureau of Banking's examination authority with respect to bank or credit union affiliates and service corporations.

LD 1730

An Act to Adopt the National Association of Insurance Commissioners' Model Insurance Producer Licensing Act

PUBLIC 259

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO LAFOUNTAIN	OTP-AM	H-327

LD 1730 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1730 proposed to adopt the Producer Licensing Model Act of the National Association of Insurance Commissioners in order to help create a system of national reciprocity for insurance producer licensing, create uniform standards for key areas of producer licensing and preserve the authority of states to license insurance producers, under Federal Public Law 106-102, known as the Gramm-Leach-Bliley Act.

The model act is the result of an extensive initiative coordinated by the National Association of Insurance Commissioners, with the goal of achieving reciprocity among the states and uniformity as to key areas, regarding producer licensing. Adoption of such standards by a majority of the states is necessary to preserve their authority to license insurance producers.

The Gramm-Leach-Bliley Act's specific mandate is that a majority of the states must either enact uniform laws and regulations governing the licensing of individuals and entities authorized to sell and solicit the purchase of insurance within the states or achieve reciprocity regarding these issues. If states do not enact uniform laws and regulations

Joint Standing Committee on Banking and Insurance

or enact a system of reciprocal licensing by November 12, 2002, the National Association of Registered Agents and Brokers would be established to provide a mechanism through which uniform licensing, appointment, continuing education and other insurance producer sales qualification requirements and conditions would be adopted and applied on a multistate basis. The bill adopts the model act as a new subchapter in the Maine Revised Statutes, Title 24-A, chapter 16. It also revises corresponding provisions regarding adjuster and consultant licensing, to avoid having 2 licensing procedures in place, thereby maintaining internal uniformity as well. The bill also reorganizes some of the structure of the existing Title 24-A, chapter 16, so that the flow of the process will remain logical with the addition of the new subchapter, and makes technical changes to existing law to ensure consistency with the model act.

Committee Amendment "A" (H-327) proposed to clarify the immunities provision in the bill. The amendment also proposed to clarify that documents or other material held by the Department of Professional and Financial Regulation, Bureau of Insurance relating to the licensing of an insurance producer is confidential and not subject to subpoena or discovery in a private civil action unless disclosure is ordered by a court for good cause.

The amendment also corrected cross-references and added a fiscal note to the bill.

Enacted law summary

Public Law 2001, chapter 259 adopts the Producer Licensing Model Act of the National Association of Insurance Commissioners in order to help create a system of national reciprocity for insurance producer licensing, create uniform standards for key areas of producer licensing and preserve the authority of states to license insurance producers, under Federal Public Law 106-102, known as the Gramm-Leach-Bliley Act.

The model act is the result of an extensive initiative coordinated by the National Association of Insurance Commissioners, with the goal of achieving reciprocity among the states and uniformity as to key areas, regarding producer licensing. Adoption of such standards by a majority of the states is necessary to preserve their authority to license insurance producers.

The Gramm-Leach-Bliley Act's specific mandate is that a majority of the states must either enact uniform laws and regulations governing the licensing of individuals and entities authorized to sell and solicit the purchase of insurance within the states or achieve reciprocity regarding these issues. If states do not enact uniform laws and regulations or enact a system of reciprocal licensing by November 12, 2002, the National Association of Registered Agents and Brokers would be established to provide a mechanism through which uniform licensing, appointment, continuing education and other insurance producer sales qualification requirements and conditions would be adopted and applied on a multistate basis.

Public Law 2001, chapter 259 adopts the model act as a new subchapter in the Maine Revised Statutes, Title 24-A, chapter 16. It also revises corresponding provisions regarding adjuster and consultant licensing, to avoid having 2 licensing procedures in place, thereby maintaining internal uniformity as well. The law also reorganizes some of the structure of the existing Title 24-A, chapter 16, so that the flow of the process will remain logical with the addition of the new subchapter, and makes technical changes to existing law to ensure consistency with the model act.

Joint Standing Committee on Banking and Insurance

LD 1736

An Act to Amend Maine Credit Laws

PUBLIC 371

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN	OTP-AM MAJ	H-275
DOUGLASS	OTP-AM MIN	

LD 1736 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1736 proposed to amend various laws administered by the Office of Consumer Credit Regulation. The bill clarifies that transactions entered into following electronic mail solicitations by lenders and creditors are subject to the Maine Consumer Credit Code. The bill excludes limited-purpose financial institutions from certain provisions of the Maine Consumer Credit Code. The bill grants to the Director of the Office of Consumer Credit Regulation the power to issue a temporary order suspending the license of a supervised lender under circumstances in which delaying such an order would result in harm to consumers.

Committee Amendment "B" (H-275) was the minority report of the committee. The amendment proposed to clarify that the Maine Consumer Credit Code applies to home equity loans with a finance charge that does not exceed 12 1/4% made by banks and credit unions on or after January 1, 2002. Current law applies to home equity loans made by mortgage companies. Unlike Committee Amendment "A", the amendment did not propose to remove the requirement for legislative review and confirmation of the Director of the Office of Consumer Credit Regulation.

The amendment also added a fiscal note to the bill.

Committee Amendment "A" (H-274) was the majority report of the committee. The amendment proposed to clarify that the Maine Consumer Credit Code applies to home equity loans with a finance charge that does not exceed 12 1/4% made by banks and credit unions on or after January 1, 2002. Current law applies to home equity loans made by mortgage companies. The amendment also removed the requirement for legislative review and confirmation of the Director of the Office of Consumer Credit Regulation.

The amendment also added a fiscal note to the bill. Committee Amendment "A" was not adopted.

Enacted law summary

Public Law 2001, chapter 371 amends various laws administered by the Office of Consumer Credit Regulation. The law clarifies that transactions entered into following electronic mail solicitations by lenders and creditors are subject to the Maine Consumer Credit Code. It excludes limited-purpose financial institutions from certain provisions of the Maine Consumer Credit Code. The law grants to the Director of the Office of Consumer Credit Regulation the power to issue a temporary order suspending the license of a supervised lender under circumstances in which delaying such an order would result in harm to consumers.

Public Law 2001, chapter 371 also clarifies that the Maine Consumer Credit Code applies to home equity loans with a finance charge that does not exceed 12 1/4% made by banks and credit unions on or after January 1, 2002. Current law applies to home equity loans made by mortgage companies.

Joint Standing Committee on Banking and Insurance

LD 1742

An Act to Clarify and Update the Laws Related to Health Insurance Contracts

PUBLIC 258

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
SULLIVAN ABROMSON	OTP-AM	H-416

LD 1742 was submitted on behalf of the Department of Professional and Financial Regulation.

LD 1742 proposed to do the following.

Part A clarifies the requirement for coverage of newborns under maternity benefits by specifying that newborns are not subject to a separate deductible.

Part B gives the Superintendent of Insurance authority to waive the requirement that an insurer that exits the individual, small group or large group health insurance market in the State can not reenter for 5 years. It also gives the superintendent authority to waive the requirement that an insurer give a 3-month notice before ceasing to issue individual, small group or large group health insurance in the State.

Part C requires insurers to provide a certificate of creditable coverage to terminating insureds consistent with federal law.

Part D conforms various definitions and other provisions to federal regulations adopted pursuant to the Health Insurance Accessibility and Accountability Act of 1996.

Part E clarifies several definitions and other provisions in the individual health insurance reform laws, the small group health insurance reform laws and the continuity of coverage laws.

Part F amends the laws pertaining to Medicare supplement policies. It allows rates for benefit components of one plan to be based on the average cost of that benefit component across all standardized plans. It restricts the ability of insurers to segregate insureds by health status through the use of association groups.

Part G corrects errors from a previous law.

Part H makes out-of-state blanket policies providing coverage in the State subject to the same filing requirements as out-of-state group policies.

Committee Amendment "A" (H-416) proposed to require that information be provided in evaluations of proposed mandated health insurance benefits performed by the Bureau of Insurance on the financial impact of a mandate on employers and on the potential costs savings of the proposed mandated benefit and its effect on cost-shifting in the overall health care delivery system. It also added a fiscal note to the bill.

Joint Standing Committee on Banking and Insurance

Enacted law summary

Public Law 2001, chapter 258 does the following.

Part A clarifies the requirement for coverage of newborns under maternity benefits by specifying that newborns are not subject to a separate deductible.

Part B gives the Superintendent of Insurance authority to waive the requirement that an insurer that exits the individual, small group or large group health insurance market in the State cannot reenter for 5 years. It also gives the superintendent authority to waive the requirement that an insurer give a 3-month notice before ceasing to issue individual, small group or large group health insurance in the State.

Part C requires insurers to provide a certificate of creditable coverage to terminating insureds consistent with federal law.

Part D conforms various definitions and other provisions to federal regulations adopted pursuant to the Health Insurance Accessibility and Accountability Act of 1996.

Part E clarifies several definitions and other provisions in the individual health insurance reform laws, the small group health insurance reform laws and the continuity of coverage laws.

Part F amends the laws pertaining to Medicare supplement policies. It allows rates for benefit components of one plan to be based on the average cost of that benefit component across all standardized plans. It restricts the ability of insurers to segregate insureds by health status through the use of association groups.

Part G corrects errors from a previous law.

Part H makes out-of-state blanket policies providing coverage in the State subject to the same filing requirements as out-of-state group policies.

Part I requires that the Bureau of Insurance provide information on the financial impact of a mandate on employers and on the potential cost-savings of a mandate and its effect on cost-shifting in the overall health care delivery system as part of its review and evaluation of proposed mandated health insurance benefits performed pursuant to Title 24-A, Maine Revised Statutes, section 2752.

Joint Standing Committee on Banking and Insurance

LD 1745

An Act to Address Issues in the Maine Health Insurance Market

PUBLIC 410

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
ABROMSON	OTP-AM MAJ OTP-AM MIN	S-274

LD 1745 was submitted on behalf of the Department of Professional and Financial Regulation.

Part A of LD 1745 proposed to amend several provisions of the individual and small group health insurance reform laws in the following ways.

1. It eliminates the requirement that private purchasing alliances offer health coverage through more than one carrier.
2. It increases the permitted downward adjustments in individual insurance rates based on age and geographic area from 20% to 40% over a 2-year period. It increases the permitted downward adjustments in small group insurance rates based on age, geographic area and occupation or industry from 20% to 40% over a 2-year period. Upward variations for both individual and small group rates would remain limited to 20%.
3. It removes entirely the current restrictions on differentiating individual and small group health insurance rates based on smoking status and permits discounts for nonsmokers and those with healthy lifestyles.
4. It permits rates for individual health insurance to vary based on health status, within limits. For policies issued after January 1, 2002, higher rates may be used for those in poor health at time of issue, but renewal rates may not be increased based on subsequent deterioration of health. The highest rate charged for a given age and geographic area is limited to 150% of the standard rate for that age and geographic area.
5. It authorizes the Superintendent of Insurance to approve pilot projects under which insurers may offer innovative products that are exempted from certain provisions of the insurance code including access requirements and mandated benefits. It also authorizes approval of pilot projects under which insurers may be exempted from certain provisions of the insurance code in order to offer the same product in multiple states.
6. It eliminates the requirement for carriers to offer standardized plans in the small group market.

Part B proposed to include the following consumer protection provisions.

1. It requires health insurers to provide a minimum 30-day notice of rate increases to policyholders. It also requires disclosure of anticipated rate increases when quoting rates for new business.
2. It requires more complete disclosure of loss information in order to facilitate shopping by employers for alternate coverage while protecting confidential information from improper disclosure.
3. It makes health maintenance organizations subject to the same continuation of coverage requirements currently applicable to group indemnity coverage. It also clarifies that the general penalty provisions of the insurance code apply to health maintenance organizations.

Joint Standing Committee on Banking and Insurance

4. It establishes standards applicable to health policies and contracts that limit payment of claims for covered services based on a determination of "usual, customary and reasonable charges," UCR or similar methodology. The bill requires disclosure to insureds that they may be subject to balance billing, requires carriers to give insureds the opportunity to request the carrier's UCR rate for a given procedure to permit the insured to shop around for services, requires carriers to disclose their methodology and specific data relied upon in calculating UCR for a given claim and limits carriers' ability to apply UCR when credible data is not available.
5. It requires utilization review notices to advise whether or not the service reviewed for medical necessity is covered under the health contract or policy at issue. Utilization review notices frequently advise only whether or not a requested service is medically necessary, causing consumer confusion when a service authorized as medically necessary is subsequently denied as not being covered.
6. It permits those who lose eligibility for the low-cost drugs for the elderly or disabled program to purchase a Medicare supplement policy with prescription drug benefits.

Part C proposed to create a new chapter of the Maine Insurance Code based on a National Association of Insurance Commissioners model law to standardize and simplify the terms and coverages of individual health insurance policies and group health insurance policies and certificates. It is also intended to facilitate public understanding and comparison and to eliminate provisions contained in health insurance policies that may be misleading or unreasonably confusing in connection either with the purchase of these coverages or with the settlement of claims. It further would provide for full disclosure in the sale of health coverages and give the Superintendent of Insurance authority to adopt rules to carry out the purposes of the chapter.

Committee Amendment "A" (S-274) was the majority report of the committee.

In Part A, the amendment proposed to do the following.

1. It removes the provisions relating to private purchasing alliances because those changes are included in other legislation.
2. It removes the provisions proposing changes to the community rating laws applicable to individual and small group health insurance except that it allows carriers to vary premium rates in the individual and small group markets based on smoking status outside of the rating bands.
3. It removes the provisions authorizing the Superintendent of Insurance to authorize pilot projects for innovative products and multistate products in the individual and small group health insurance markets.
4. It retains the provision eliminating the requirement for carriers to offer standardized plans in the small group market.

In Part B, the amendment proposed to do the following.

1. It removes the provisions relating to notices of rate increases to policyholders because similar provisions are included in other legislation.

Joint Standing Committee on Banking and Insurance

2. It requires insurers to provide loss information in aggregate form to group policyholders upon written request within 21 business days of the request. Under current law, insurers are required to provide the information upon request 60 days prior to renewal of the policy and again 6 months from the date the policy becomes effective.
3. It removes the provisions that would have permitted the disclosure of confidential loss information relating to the medical diagnosis, treatment or health status of group members, including potentially identifying information.
4. It retains the provision making the continuity and penalties provisions of the Maine Insurance Code applicable to health maintenance organizations.
5. It retains the provision relating to standards applicable to health insurance policies that limit payment of claims for covered services based on a determination of "usual, customary and reasonable" charges.
6. It retains the provision requiring utilization review entities to advise whether or not the service reviewed for medical necessity is a covered service under the health policy or contract at issue.
7. It retains the provision permitting those who lose eligibility for the low-cost drugs for the elderly or disabled program to purchase a Medicare supplement policy with prescription drug benefits. The amendment also clarifies that Medicare supplement coverage with prescription drug benefits may not affect eligibility for coverage under the low-cost drugs for the elderly or disabled program if the individual no longer has Medicare supplement coverage with prescription drug benefits at the time of reapplication for the program.

In Part C, the amendment proposed to clarify that the new chapter of the Maine Insurance Code does not apply to group disability income protection coverage. The amendment also would make the rules adopted by the Superintendent of Insurance major substantive rules and subject to legislative review before final adoption.

The amendment also added a fiscal note to the bill.

Committee Amendment "B" (S-275) was the minority report of the committee. The amendment differs from the majority report only in Part A because it would retain the provisions relating to community rating with the exception of the medical underwriting and healthy lifestyle provisions in the bill.

In Part A, the amendment proposed to do the following.

1. It removes the provisions relating to private purchasing alliances because those changes are included in other legislation.
2. It removes the provisions proposing to allow medical underwriting on the basis of health status and healthy lifestyle in the individual health insurance market, but retains the provisions allowing rating on the basis of smoking status in the community rating laws applicable to individual and small group health insurance.
3. It retains the provisions increasing the downward adjustments in the community rating bands in the individual and small group health insurance market on the basis of age and geographic area.
4. It removes the provisions authorizing the Superintendent of Insurance to authorize pilot projects for innovative products and multistate products in the individual and small group health insurance markets.

Joint Standing Committee on Banking and Insurance

5. It retains the provision eliminating the requirement for carriers to offer standardized plans in the small group market.

The changes proposed in the amendment to Parts B and C of the bill are identical to those contained in the majority report. The amendment also added a fiscal note to the bill.

Committee Amendment “B” was not adopted.

Enacted law summary

Public Law 2001, chapter 410 amends the individual and small group health insurance laws.

In Part A, Public Law 2001, chapter 410 allows carriers to vary premium rates in the individual and small group markets based on smoking status outside of the prescribed community rating bands. The law also eliminates the requirement for carriers to offer standardized plans in the small group market.

In Part B, Public Law 2001, chapter 410 requires insurers to provide loss information in aggregate form to group policyholders upon written request within 21 business days of the request. Under current law, insurers are required to provide the information upon request 60 days prior to renewal of the policy and again 6 months from the date the policy becomes effective.

The law makes health maintenance organizations subject to the same continuity of coverage requirements currently applicable to indemnity coverage. And it clarifies that the general penalty provisions of the Maine Insurance Code apply to health maintenance organizations.

The law establishes standards applicable to health insurance policies that limit payment of claims for covered services based on a determination of "usual, customary and reasonable" charges. It requires disclosure to insureds that they may be subject to balance billing, requires carriers to give insureds the opportunity to request a carrier's UCR rate for a given procedure, requires disclosure of a carrier's methodology and specific data used to calculate UCR for a given claim and limits a carrier's ability to apply UCR in the absence of creditable supporting data.

Part B of Public Law 2001, chapter 410 also requires utilization review entities to advise whether or not the service reviewed for medical necessity is a covered service under the health policy or contract at issue.

The law also permits those who lose eligibility for the low-cost drugs for the elderly or disabled program to purchase a Medicare supplement policy with prescription drug benefits and clarifies that Medicare supplement coverage with prescription drug benefits may not affect eligibility for coverage under the low-cost drugs for the elderly or disabled program if the individual no longer has Medicare supplement coverage with prescription drug benefits at the time of reapplication for the program.

In Part C, Public Law 2001, chapter 410 creates a new chapter of the Maine Insurance Code to standardize and simplify the terms and coverages of individual and group health insurance. The law is intended to facilitate public understanding and enable comparison among insurance policies. It also gives authority to the Superintendent of Insurance to adopt rules relating to the required disclosures in the sale of health insurance policies and designates those rules as major substantive rules subject to legislative review before final adoption.

Joint Standing Committee on Banking and Insurance

LD 1768

**An Act to Create a Comprehensive Prescription Insurance Plan for
Maine Seniors through the Implementation of the Recommendations
of the Heinz Family Philanthropies Report** **CARRIED OVER**

Sponsor(s)

Committee Report

Amendments Adopted

LD 1768 is a concept draft pursuant to Joint Rule 208 and was jointly referred to the Joint Standing Committee on Health and Human Services and the Joint Standing Committee on Banking and Insurance.

This bill proposed to create a comprehensive prescription insurance plan for senior citizens of the State in accordance with the recommendations of the Heinz Family Philanthropies study regarding prescription drugs. The plan would include the following requirements:

1. All Maine citizens 62 years of age and older would be eligible;
2. The plan would be means tested. Premiums, copayments, deductibles and a catastrophic cap would all be tied to income levels and the consumer price index. Persons with the lowest income levels would also have the lowest catastrophic cap;
3. In determining the premiums, deductibles and catastrophic caps for married couples based on household income, a reduction would be given so that those couples are not penalized or disadvantaged;
4. A formulary based on incentives would be established with generic, preferred and nonpreferred drugs;
5. If a generic drug is available, a brand-name drug may be obtained only by paying the difference in cost between the generic and brand-name medication;
6. "Lifestyle" drugs would be excluded from the plan; and
7. The plan would sunset after 4 full fiscal years.

LD 1768 has been carried over to the Second Regular Session.

LD 1784

An Act to Lower Costs in the Small Group Market

CARRIED OVER

Sponsor(s)
SAXL
LAFOUNTAIN

Committee Report

Amendments Adopted

Joint Standing Committee on Banking and Insurance

LD 1784 is a concept draft pursuant to Joint Rule 208. The bill proposed to establish a reinsurance mechanism for the small group health insurance market.

LD 1784 has been carried over to the Second Regular Session.

LD 1804 **An Act to Improve the Accessibility and Affordability of Health Care Benefits in the State** **CARRIED OVER**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MILLS		

LD 1804 proposed to address the changing insurance environment in the State and to provide affordable options to certain employers wishing to make health benefits available to employees. The bill would do the following:

1. Amend and relax the criteria for self-funded multiple employer welfare arrangements by and among certain businesses;
2. Establish a mechanism by which certain small businesses in the same geographic region can form an association for the purpose of providing self-funded health benefit plans to employees and their dependents; and
3. Ensure that employees participating in such self-funded arrangements are protected by imposing certain safeguards, including oversight by the Superintendent of Insurance.

LD 1804 has been carried over to the Second Regular Session.

LD 1821 **Resolve, to Require Further Study of the Effect and Cost Impact of Mental Illness on the State and Private Health Insurance** **RESOLVE 69 EMERGENCY**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
		H-684 DUDLEY S-393 GOLDTHWAIT

LD 1821 was reported out pursuant to joint order by the Joint Standing Committee on Banking and Insurance. The resolve proposed to require the Department of Mental Health, Mental Retardation and Substance Abuse Services, the Department of Human Services, the Department of Education and the Department of Corrections to study the cost savings to the state budget that may result from legislation requiring parity coverage for mental illness and mental disorders, eating disorders and substance abuse. The resolve would also require the Department of Professional and Financial Regulation, Bureau of Insurance to collect information relating to the denial of claims for coverage of mental illness over the last 5 years. The resolve required the Bureau of Insurance to compile this information on cost savings and claims denials in a report to the Joint Standing Committee on Banking and Insurance by January 15, 2002.

The resolve also included an allocation section and a fiscal note.

Joint Standing Committee on Banking and Insurance

House Amendment “A” to LD 1821 (H-684) proposed to clarify the time period for which the Department of Professional and Financial Regulation, Bureau of Insurance is required to provide information related to claims denials and make other clarifying changes to the resolve.

Joint Standing Committee on Banking and Insurance

Senate Amendment “A” to LD 1821 (S-393) proposed to remove the requirement that the Department of Education study and report on cost savings in the department’s budget that may result from enactment of legislation providing equality of coverage for certain disorders.

Enacted law summary

Resolve 2001, chapter 69 was reported out of committee pursuant to joint order. The resolve requires the Department of Mental Health, Mental Retardation and Substance Abuse Services, the Department of Human Services and the Department of Corrections to study the cost savings to the state budget that may result from legislation requiring parity coverage for mental illness and mental disorders, eating disorders and substance abuse. The resolve also requires the Department of Professional and Financial Regulation, Bureau of Insurance to collect information relating to the denial of claims for coverage of mental illness from January 1, 1999 through June 30, 2001. The resolve requires the Bureau of Insurance to compile this information on cost savings and claims denials in a report to the Joint Standing Committee on Banking and Insurance by January 15, 2002.

Resolve 2001, chapter 69 was passed as an emergency measure effective June 28, 2001.

HP 1153	Joint Resolution, Memorializing Congress to Allow Medicare Supplement Insurance Policies Offering Prescription Drug Coverage	OTP
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<u>Sponsor(s)</u> GLYNN	<u>Committee Report</u>	<u>Amendments Adopted</u>
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Enacted Law Summary

Joint Resolution HP 1153 petitions the Congress of the United States to change federal rules and regulations to allow the development of Medicare supplement insurance policies offering greater prescription drug coverage than currently available under the federally-regulated uniform A-J Medicare supplement insurance policies.

HP 1293	Joint Order, Relative to Establishing the Joint Study Committee to Examine Issues Related to Motor Vehicle Glass Claims	ONTTP
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<u>Sponsor(s)</u> O’NEIL	<u>Committee Report</u>	<u>Amendments Adopted</u>
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This joint order was reported out by the Joint Standing Committee on Banking and Insurance pursuant to joint order. The joint order proposed to establish a joint study committee to study issues related to automobile insurance claims for motor vehicle glass. The study committee would have consisted of 5 legislative members and would have been charged with studying several issues related to whether affiliated networks of motor vehicle glass dealers are "steering" insurance consumers in violation of state law and whether legislative action is needed to address problems among motor vehicle glass dealers, affiliated and independent networks and automobile insurance companies. The joint order proposed that the study committee report back to the 120th Legislature by November 15, 2001.

Joint Standing Committee on Banking and Insurance

Enacted law summary

Joint Resolution HP 1153 petitions the Congress of the United States to change federal rules and regulations to allow the development of Medicare supplement insurance policies offering greater prescription drug coverage than currently available under the federally-regulated uniform A-J Medicare supplement insurance policies.

LD INDEX

LD 10	48
LD 18	48
LD 43	48
LD 49	49
LD 66	50
LD 80	50
LD 81	50
LD 91	51
LD 100	51
LD 101	51
LD 126	52
LD 142	52
LD 153	52
LD 154	53
LD 158	53
LD 163	53
LD 175	54
LD 203	54
LD 204	54
LD 208	55
LD 213	55
LD 217	56
LD 226	57
LD 235	57
LD 251	57
LD 256	58
LD 275	58
LD 318	58
LD 323	59
LD 353	59
LD 354	60
LD 375	60
LD 391	61
LD 392	61
LD 403	62
LD 412	63
LD 413	64
LD 414	64
LD 415	65
LD 426	65
LD 428	66
LD 429	67
LD 431	67
LD 439	68
LD 452	68
LD 474	69
LD 482	69
LD 484	69

LD INDEX

LD 485	70
LD 491	70
LD 510	70
LD 526	71
LD 543	71
LD 554	71
LD 555	72
LD 573	72
LD 590	72
LD 593	74
LD 594	75
LD 599	75
LD 600	76
LD 606	77
LD 688	77
LD 726	77
LD 727	78
LD 778	78
LD 782	78
LD 801	79
LD 802	79
LD 812	80
LD 816	81
LD 854	81
LD 915	82
LD 968	83
LD 984	83
LD 1041	84
LD 1152	85
LD 1156	86
LD 1217	87
LD 1277	87
LD 1284	89
LD 1400	91
LD 1402	91
LD 1420	92
LD 1490	93
LD 1503	93
LD 1554	93
LD 1572	94
LD 1621	94
LD 1627	94
LD 1630	95
LD 1637	96
LD 1638	97
LD 1640	98
LD 1652	101
LD 1703	101

LD INDEX

LD 1729	102
LD 1730	105
LD 1736	107
LD 1742	108
LD 1745	110
LD 1768	114
LD 1784	114
LD 1804	115
LD 1821	115
HP 1153	116
HP 1293	116